

**5/8/78 [1]**

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# WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
Cabinet Summaries	Andrew Young to Pres. Carter, 1 pg., re:UN activity <i>opened 3/31/08, B7E, 06-116</i>	5/4/78	A

## FILE LOCATION

Carter Presidential Papers-Staff Offices, Office of Staff Sec.-Presidential  
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## RESTRICTION CODES

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~~CONFIDENTIAL~~

May 4, 1978

TO: President Carter  
THROUGH: Rick Hutcheson  
FROM: USUN - Ambassador Young  
SUBJECT: U.S. Mission Activities, April 26 - May 4, 1978

UNGA SPECIAL SESSION ON NAMIBIA

On April 28, SWAPO President Sam Nujoma addressed the UNGA Special Session on Namibia for the second time. In his speech, which amounted to SWAPO's official response to the Western Five proposal, he detailed the inadequacies of the proposal and harshly questioned the motives and objectives of the Five. In a meeting with the Contact Group, May 1, Nujoma reiterated his concerns about the proposal and requested further discussions between SWAPO and the Five following conclusion of the Special Session. The Five have since agreed to such discussions but have explained that we are not prepared to open the proposal to revisions. A meeting between the Contact Group and SWAPO is now scheduled for the morning of Monday, May 8. The UNGA Special Session adjourned May 3. The irrelevance of the Session was underlined by its adoption of a declaration and program of action which contain no reference to the Western Five proposal or initiative.

SOUTH LEBANON: At the request of the Secretary-General, the Security Council approved an increase of 2,000 troops for the United Nations Interim Force in Lebanon. Fiji, Iran, and Ireland have offered to provide battalions for the increase. Shooting between Palestinian/Lebanese leftist elements and UN troops on May 2 left four dead and many wounded. The PLO has promised its cooperation to the UN in avoiding incidents in the future. The UN plans to "beef up" its position in the area where the shooting took place. Israeli troop withdrawal scheduled for April 30 took place; Israeli authorities and the UN are discussing the final withdrawal plans.

ECOSOC: The first substantive meeting of the Committee of the Whole for the international economic dialogue began on Wednesday, May 3.

AMBASSADOR YOUNG'S OTHER MEETINGS

Congressman Diggs, 5/1; meeting with SWAPO delegates, 5/1; meeting with Representatives of the Grand Council of Six Nations of the Iroquois Confederacy, 5/3; Foreign Minister Abdallah of Comoros, 5/3; UnderSecretary Newsom, 5/4; Ambassador Kenneth Dadzie, 5/4; PRESS interview with Dick Leggit, Today is Sunday, 5/2.

~~CONFIDENTIAL~~

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DECLASSIFIED  
per 9/11/07 SKK/lh  
ALJC-04-112  
BY BAE NARA DATE 3/26/08

THE PRESIDENT'S SCHEDULE

Monday - May 8, 1978

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7:45 Dr. Zbigniew Brzezinski - The Oval Office.

8:15 Mr. Frank Moore - The Oval Office.

9:00 Meeting of the Cabinet. (Mr. Jack Watson).  
(2 hrs.) The Cabinet Room.

11:00 Mr. Jody Powell - The Oval Office.

11:50 Greet the 1978 National Multiple Sclerosis  
(5 min.) Mother and Father of the Year. (Ms. Fran  
Voorde) - The Oval Office.

2:30 Message Taping. (Mr. Barry Jagoda).  
(15 min.) The Roosevelt Room.

2375

THE WHITE HOUSE  
WASHINGTON  
May 8, 1978

Bob Lipshutz  
Midge Costanza

The attached was returned in the President's outbox today and is forwarded to you for your information. The signed original has been given to Bob Linder for appropriate handling.

Rick Hutcheson

cc: Bob Linder

EO - NATIONAL ADVISORY COMMITTEE  
FOR WOMEN

	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION  
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	VICE PRESIDENT
	EIZENSTAT
	JORDAN
	KRAFT
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

THE WHITE HOUSE

WASHINGTON

May 4, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: ROBERT LIPSHUTZ *RL*

RE: Executive Order Re National  
Advisory Committee for Women

Midge Costanza has informed us that you have approved expanding the size of the National Advisory Committee for Women from thirty to forty, and have also decided to appoint co-chairpersons.

The attached Executive Order implements those decisions. We recommend that you sign it.

✓ Approve

           Disapprove

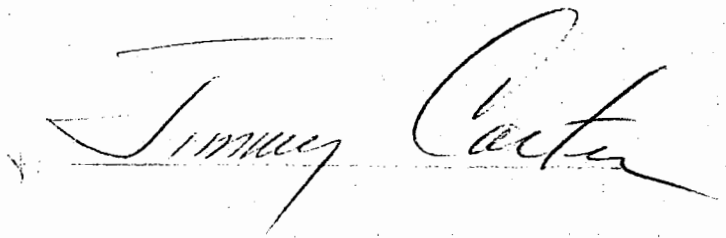
EXECUTIVE ORDER

- - - - -

NATIONAL ADVISORY COMMITTEE FOR WOMEN

By virtue of the authority vested in me as President by the Constitution of the United States of America, and in order to expand the membership of the National Advisory Committee for Women, Section 2 of Executive Order No. 12050 of April 4, 1978 is hereby amended to read as follows:

"Sec. 2. Membership. The President shall appoint not more than forty individuals to serve on the Committee and shall designate a chairperson or co-chairpersons from among the members.".

A handwritten signature in cursive script, reading "Jimmy Carter", is written over a horizontal line.

THE WHITE HOUSE

, 1978.



MEMORANDUM

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

8 May 1978

TO: THE PRESIDENT  
FROM: RICK HUTCHESON *R.H.*  
SUBJECT: Memos Not Submitted

1. SAM BROWN MEMO letting you know that legislation establishing an Urban Volunteer Corps has passed both House and Senate committees, 38 days after your Urban Policy Message. This is the first part of your urban package to be cleared for floor action. ✓
2. STU EIZENSTAT sent you a copy of the memo he sent his staff regarding a Wall Street Journal story, which alleged that the Administration is deemphasizing the reorganization effort. ✓
3. BARRY JAGODA MEMO. A TV documentary comparing peanut farming in Georgia and Senegal is available on tape, should you care to view it. ✓
4. ANNE WEXLER/JANE FRANK MEMO. The interagency Task Force on Women Business Owners will need an additional 3 weeks beyond the original 120 day deadline. No additional extensions will be needed. ✓

*typical  
for task forces*

MEMORANDUM

THE WHITE HOUSE  
WASHINGTON

For the President-Action

May 8, 1978

ACTION

MEMORANDUM FOR:

THE PRESIDENT

FROM:

ANNE WEXLER *Anna*  
JANE FRANK *Jane*

SUBJECT:

Interagency Task Force  
on Women Business Owners

The interagency Task Force on Women Business Owners, which you appointed last Fall to address the problems and potentials of women as owners of their own enterprises, is nearing completion of its report.

Its study should break new ground in showing this Administration's interest in and support for creating better opportunities for women in our economy.

In 120 working days, while using limited resources, this Task Force has:

- assessed all the data that currently exists on women business owners, plus canvassed women across the United States
- identified the barriers to women business owners and assessed Federal programs which could retarget some resources and assistance in the direction of women.

Although the issue is one that in the past has been ignored even if public interest in it was significant, strong support among women, Capitol Hill and Federal agencies, has developed for the needs of women business owners.

The Task Force intended to conclude its deliberation by May 9, the 120 working day deadline originally established. However, the importance of the recommendations and the complexity of the issue have caused some delay. Therefore, the Task Force has asked for, and we recommend, your approval of a three week extension for the Task Force to conclude its deliberations and make its report. The Task Force should be able to meet this new deadline and no extension beyond it should be granted.

Approve \_\_\_\_\_

Disapprove \_\_\_\_\_

THE WHITE HOUSE  
WASHINGTON

MR. PRESIDENT:

Attached is a note I sent to  
my staff after your call on  
the reorganization piece in  
the Wall Street Journal.

A handwritten signature in dark ink, appearing to be 'Stu' with a stylized flourish.

Stu Eizenstat

29 Apr 78

THE WHITE HOUSE

WASHINGTON

April 28, 1978

MEMORANDUM FOR THE DOMESTIC POLICY STAFF

FROM: STU EIZENSTAT *Stu*

SUBJECT: Reorganization Plans

I am very disturbed about the erroneous story in the Wall Street Journal of Friday, April 28, indicating that the Administration will deemphasize controversial reorganization plans.

These stories are untrue and are damaging to the reorganization effort. The President is fully behind reorganization efforts of OMB and they remain one of our very top priorities. This should be obvious to anybody but I hope the repetition of this fact makes this point clear.

I trust no one on DPS was responsible for this destructive story.



OFFICE OF  
THE DIRECTOR

# ACTION

WASHINGTON, D.C. 20525

May 5, 1978

## MEMORANDUM TO THE PRESIDENT

FROM:

Sam Brown

By yesterday afternoon, 38 days after your Urban Policy Statement, your legislation establishing an Urban Volunteer Corps was passed by committees in both the Senate and the House.

The bills as approved by the Senate Human Resources Committee and the House Education and Labor Committee are largely as you originally proposed. Hopefully, this favorable action on the first part of the urban legislative package to be cleared for floor action will establish a positive atmosphere for committee action on the other elements of your urban package.

This rapid legislative approval could not have been accomplished without the leadership of Senators Cranston and Javits, and Representatives Perkins, Thompson, and Andrews. Their cooperation made a very delicate timing process work out favorably.

Several members of your staff were also extraordinarily helpful and responsive to the needs of this small agency. They include Ralph Schlosstein and Bill Spring on the Domestic Policy staff, Valerie Pinson in Frank Moore's office and Sue Woolsey, Larry Matlack, and Jeff Weinberg at OMB.

We look forward to favorable floor action in June.

THE WHITE HOUSE

WASHINGTON

May 8, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: BARRY JAGODA *B.J.*  
SUBJECT: TV Documentary on 1st and 3rd  
World Farming

The attached press release describes a television show contrasting the life and business of a peanut farmer from Georgia and a peanut farmer from Senegal. If you would like the option of seeing this program, I will leave the tape with "video recording and playback" reachable by you thru the operator. They could play it at your convenience.

# # # # #

Give me the option \_\_\_\_\_ No interest \_\_\_\_\_

# World

## THE NGUBA CONNECTION

PBS Airdate May 4 9pm EST  
(Check local listings for time and station.)

When a Georgia peanut farmer first announced he was running for President, the idea was greeted with amusement in many parts of the country. Now that Jimmy Carter has put Plains on the map, everyone knows peanuts are a multi-million dollar business. Swiss producer Otto Honegger uses the peanut industry to compare First and Third World agriculture in "The Nguba Connection," the seventh program in the WGBH international documentary series WORLD, \_\_\_\_\_ at \_\_\_\_\_ on Channel \_\_\_\_\_.

World is made possible by grants from the Corporation for Public Broadcasting, Polaroid Corporation, The Charles E. Merrill Trust, The Ford Foundation, the German Marshall Fund of the United States and the Charles Stewart Mott Foundation.

Produced for PBS by  
WGBH-TV  
125 Western Avenue  
Boston, MA 02134  
617 492-2777

Contact:  
Janet Sherbin  
Extension 727

Buck Grist is a Georgia peanut farmer, though it might be more accurate to say he operates a highly mechanized agribusiness. Like that more famous peanut farmer, Buck is considered a successful man; in a good year, his peanut crop brings him \$100,000, after expenses.

An ocean away, in Senegal, West Africa, Cherno Sow is also a peanut farmer. He works in one of Africa's most productive peanut regions, farming mostly by hand. His income (\$400 in a good year) supports his immediate family and three other relatives. Their village is a collection of huts; their diet consists mostly of millet. "In earlier times it was better," Cherno recalls. "We earned enough to feed the family."

In the United States, peanuts are a subsidized crop, sold on the domestic market or bought by the government at a guaranteed price.

-more-

## Pictures From A Small Planet



Buck's middleman, to whom he sells his peanuts, does well by this arrangement--\$400,000 a year from his peanut trade alone.

Cherno's prices are also fixed by the government, but in Senegal it is not the farmer who benefits by the system. Cherno is at the bottom of the ladder; he sells his peanuts to a state-controlled company. Cherno's peanuts support an entire bureaucracy, and the profits provide imported goods for the fortunate few who live, in relative luxury, in the capital city of Dakar.

Under the new farm bill, U.S. peanuts will reach new world markets, and it's expected that the higher quality American crop will garner much of the trade. Congressman Dawson Mathis (D-Georgia) knows places like Senegal will lose out as a result--but, he says, "It doesn't bother me at all." His duty is to his constituents.

As far as Congressman Mathis is concerned, Cherno Sow and Dakar are of little relevance to him and his district. Perhaps he is right. But the world is home to a billion peasant farmers like Cherno; and in a way, as Otto Honegger points out, the First World is to the Third World what Dakar is to the Senegalese countryside.

"The Nguba Connection" is a co-production of Swiss Television, Zurich; Swedish Television (SR2), and WGBH, Boston. WORLD Executive Producer, David Fanning.

-more-

THE WHITE HOUSE  
WASHINGTON

May 8, 1978

Stu Eizenstat

The attached was returned in the President's outbox. It is forwarded to you for appropriate handling.

Rick Hutcheson

WEEKLY DOMESTIC POLICY STAFF  
REPORT

	FOR STAFFING.
	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION  
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	VICE PRESIDENT
<input checked="" type="checkbox"/>	EIZENSTAT
	JORDAN
	KRAFT
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
<input checked="" type="checkbox"/>	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

THE WHITE HOUSE  
WASHINGTON

May 5, 1978

*Stu -  
I see several  
vetoes coming*  
C

MEMORANDUM FOR: THE PRESIDENT  
FROM: STU EIZENSTAT *Stu*  
SUBJECT: Domestic Policy Staff Weekly Status Report

LABOR

Coal Commission: Memo on the structure of the Commission will be sent to you by May 8th.

MARITIME POLICY

We are beginning, along with OMB, an interagency review of U.S. regulatory policies affecting American liner shipping. Completion of this study will take 4-6 months.

AGRICULTURE AND RURAL DEVELOPMENT

Emergency Agricultural Act: A brief assessment of this bill, which was reported out of Conference last week and approved by the Senate on a voice vote this last Tuesday, is on its way to you.

Sugar: A decision memo on this topic is on its way to you.

Meat Import Legislation: We are working with the appropriate agencies to develop an Administration position.

Intermediate Export Credit: This is another issue over which there are agency differences and we are working to develop an Administration position.

COMMUNICATIONS

Public Broadcasting: The House markup is underway and is going reasonably well.

## HOUSING AND COMMUNITY DEVELOPMENT

Fanny Mae: HUD has proposed highly controversial regulations covering Fanny Mae. We are working with HUD to review final regulations.

New York City Finance Package: Legislation supported by the Administration cleared the House Banking Committee by 32-8 on May 3. However, the absence of a city labor settlement is jeopardizing the Administration package in the Senate Banking Committee. We are working closely with Treasury, New York parties and the Senate Banking Committee.

## URBAN POLICY

OMB and DPS continue to process proposed legislation so that it can be formally submitted to Congress. Thirteen of the sixteen legislative proposals should be submitted to Congress by early next week. We are working with OMB, HUD, Commerce and Treasury to complete drafting of the Development Bank legislation.

The draft Executive Order affecting the location of Federal facilities has been submitted to OMB for clearance. Executive Orders on targeting Federal procurement and on urban impact analysis to be submitted next week.

Hearings begin this week in Congress on the Supplemental Fiscal Assistance program. We expect that this proposal will be controversial. The Urban Volunteer Corps is receiving favorable consideration from both the House and Senate Committees. The \$150 million increase in funding for housing rehabilitation loans also is receiving support in both the House and Senate.

Anne Wexler and I are holding weekly meetings with the public interest groups to organize public and Congressional support for urban policy.

## ECONOMICS AND BUSINESS

Tax Reform: Working with the Vice President, Frank, Secretary Blumenthal on strategy.

Exports: Working with an Interagency Task Force headed by Commerce to consider measures to promote U.S. exports.

### NATURAL RESOURCES

Water Policy Study: Memo reached you April 30. I am continuing Congressional consultation.

Outer Continental Shelf: First conference meeting was held May 1. Conference will resume next week.

Alaska Lands: Opponents trying to block House bill in Rules Committee. Rules will consider it May 15 and 17. Senate Energy Committee plans to start mark-up in mid-June.

Timber Supply Study: Working with Agriculture and other interested agencies.

Deep Seabed Mining: Three House Committees trying to agree on single bill. Outlook uncertain, but bill may be ready for floor week of May 15.

### ENERGY

Solar Policy Domestic Review: Working with CEA, OMB, DOE to develop specific work plan.

National Energy Act (NEA): Natural Gas Conference agreement now appears settled. Working closely with Schlesinger, Moore, Treasury, CEA and OMB on COET and tax conference strategy.

Energy Impact Assistance: Announced May 3, legislation and testimony to be completed by May 9. Senate hearings scheduled May 10.

CRBR Agreement with the Congress: Continuing discussion with Representative Flowers and committee staff on strategy for consideration of Flowers Amendment on the House floor. Discussions have begun for consideration of the compromise with Senators Jackson, Church, and Johnston.

### CIVIL SERVICE REFORM

Civil Service Reform Initiative: The House Committee publicly announced that Mo Udall will be chairing two hearings in the next two weeks, and mark-up is set for May 22 and 23. Senate hearings continue, and a policy team will meet with Senate staff next week to discuss issues. The legislative team continues to visit with committee members and meet with a variety of interest groups. The labor-management section is being finalized, and will be sent formally to Congress within the next week. We will be sending you a briefing memo outlining the details of all our proposals shortly.

Federal Employee Religious Freedom: Representative Solarz (D-N.Y.) has introduced a bill to allow federal employees such as Orthodox Jews who must alter their work schedule to practice their religion, to make up regular time missed by working overtime. I am working with Justice, CSC, and OMB to analyze the constitutional and policy issues involved and if we can support the bill.

"Sugarman Plan": Jule Sugarman and the CSC are developing proposals to promote the hiring of women and minorities by alternate Civil Service testing methods. The CSC will be holding another hearing on the Plan, and working on its final form over the next few months. Timing is important here in light of the Civil Service reform initiative and the impending Bakke decision. I have met with Sugarman and Campbell and stressed timing concern and need to avoid appearance of quotas.

### INTEGRITY AND OPENNESS IN GOVERNMENT

Lobby Law Reform: Our interagency task force met with Senate staff on policy amendments, and is closely coordinating with Frank's staff. We will be visiting with key Senators next week. One controversial issue is whether churches should be required to disclose extensive lobbying activity they undertake. They are so required in the House bill, and we have been supporting the same coverage in the Senate. Senate markup scheduled for May 10-11.

House Special Prosecutor Bill: A bill to authorize court appointment of special prosecutor to handle cases against high officials, endorsed in your 1977 Ethics message, is scheduled to be marked up in House Judiciary Committee on May 16. We are working with Justice. A similar provision passed the Senate in 1977 as Title 1 of S.555, the Public Officials Integrity Act.

### REGULATORY REFORM

Regulatory Analysis Review: As CEA recently reported, the regulatory analysis review procedure you established to monitor selected high-impact proposed regulations, has selected for review regulatory proposals by EPA, OSHA, and Interior. We are working with the affected agencies on these matters, some of which are likely to require Presidential resolution. These cases will provide you with opportunities to confirm your commitment to regulatory reform.

*a) We need  
to move  
in court.  
b) Be sure  
a good  
opponent  
is there  
to testify*

Congressional Veto of Regulations: Along with Bob Lipshutz, Bill Cable, and members of our staffs, I met on May 1 with Speaker O'Neill and his staff to discuss the efforts of many of the younger Congressmen, led by Elliot Levitas, to subject regulations to veto by Congress. A subcommittee of the Rules Committee will hold a one-day hearing on May 10 on this issue; the Speaker and the subcommittee Chairman, Gillis Long, wish to low-key the issue, so at their request the Administration will not testify. However, along with Justice and Bob's staff, we are drafting a proposed message from you to the Congress to express our strong opposition to the legislative veto practice. A memorandum explaining the issue in some detail will accompany the proposed message when it is ready for your review and signature.

### CONSUMER MATTERS

Reimbursement for Public Participation: Justice and Esther Peterson's staff have been working to good effect with the Senate Judiciary Committee to stimulate movement on S.270, providing for reimbursement for public interest groups participating in agency proceedings and, when they prevail, in important court cases against the government. This was the second item in your consumer message of April, 1977 (the first was the Agency for Consumer Protection). A slight chance exists for 1978 passage.

### HUMAN RESOURCES

Welfare Reform: The discussions on welfare reform suffered a set-back this week as Congressman Corman became less eager to participate. His liberal supporters are reportedly telling him that he should stick with the subcommittee bill.

*I called  
him in  
minutes.*



Social Security: Chairman Ullman has apparently decided to place the reduction in the payroll tax in a separate piece of legislation rather than including it in the tax reform bill. Our opposition to a social security financing change this year has had the effect of dampening the pressure for such legislation but a bill is still a real possibility. The likely formula will be a reduction in the HI tax rate by about \$5 billion to be replaced by general revenues for a two to three year period.

Veterans Pensions: We face some difficult negotiations on the Hill concerning a veterans pension reform bill. The House version could add as much as \$1 billion a year to the cost of the reform program in excess of the amount we have indicated is acceptable. We are working with OMB and VA to attempt to hold down the cost of the final bill.

#### EDUCATION

Generally, the Administration's Elementary and Secondary Education proposals are doing well. However, rather than reducing Impact Aid as we proposed, both Committees are providing increases. Strategy memo to you Monday.

PRESIDENT CARTER'S MESSAGE TO ISRAEL

*Susan  
ok  
for 2:30  
J*

On behalf of the American people ~~and for myself~~, it  
is a special privilege <sup>for me</sup> to congratulate the people of  
Israel on this 30th Anniversary of the birth of the modern  
state.

Throughout all of the years since the destruction of  
the Second Temple nearly 2,000 years ago, Jews have said  
a prayer ending with "next year in Jerusalem". For twenty  
centuries this prayer has held together in spirit the Jewish  
people, ~~of the Diaspora~~. During these years Jews often  
suffered religious discrimination, inquisitions, ~~p~~rogroms  
and death. And too frequently even after living <sup>for</sup> generations  
as inhabitants of various countries, Jews were treated as  
strangers. The ultimate in man's inhumanity to man was  
the Holocaust, in which six million Jews were killed. They  
died not only because of Nazi brutality, but also because  
the entire world turned its back on them during their years  
of suffering.

No country was willing to give the Jews of Europe a  
home where they could escape from their torment.

But out of the ashes of the Holocaust, and in fulfillment  
of Biblical prophesy, the nation of Israel was born 30 years  
ago. It offers a promise of refuge and security, and of return  
at last to this sacred land from which the Jews were driven  
so many centuries ago.

It always will be a proud chapter in the history of our country that the United States was the first nation to recognize the legal existence of Israel in 1948.

Having experienced times of profound tragedy and moments of great exhilaration, the Jewish people today should feel a justified pride and sense of achievement in the establishment and progress and strength of the state of Israel.

The people of the United States share this pride with you. Through the indomitable will and character of Israel's people, and with the unshakeable commitment of the United States to its security, the very fact of the existence of the state of Israel will insure for all times that the Jewish people will not be condemned to repeat the Holocaust.

Throughout these years, every United States President and Government has demonstrated this commitment of our people to your people and to your nation. We do this because it is right. We do this because it is necessary. And we do this because it is true to the traditions of our nation.

We may from time to time have our transient differences with the leaders of Israel. We have such differences with the leaders of other nations who also are our close friends and allies. But we will never waiver from our deep friendship and partnership with Israel and our absolute and total commitment to the security of Israel. Israel today is stronger in every way than at any other time in its history. And I trust that from this strength Israel will remain determined to seek a just and lasting peace with its neighbors.

That prospect for such true peace is ~~coming~~ closer to reality today than at any time since the creation of the state of Israel. We of the United States remain deeply committed to help in any possible way to ~~bring the day~~ <sup>insure that</sup> ~~closer to the time when~~ Israel will live in security and peace. For 30 years we have stood at the side of the proud and independent nation of Israel, ~~As President of the United States of America, and as I have said in the past, I say~~ <sup>and</sup> ~~again today, without reservation, that~~ we will continue to do so not just for another 30 years, but forever.

On behalf of the American people I salute Israel and all of its people on this great occasion.

Administrative Copy Made  
for Presidential Records

THE WHITE HOUSE

WASHINGTON

May 3, 1978

MEMORANDUM FOR THE PRESIDENT

FROM:

HUGH CARTER *[Signature]*

SUBJECT:

Tim Kraft's Salary Order

Hamilton tells me that the reason for the April 17th effective date for Tim is that that is the day Tim talked to you, and the date on which he began to assume the additional duties.

*not true*

Neither Tim nor Hamilton want to make an issue of it. Therefore, a salary order with the effective date of April 30th is also attached should you prefer to sign it.

*[Signature]*

TWO SIGNATURES REQUESTED

THE WHITE HOUSE  
WASHINGTON

May 2, 1978

Hugh Carter

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

cc: Hamilton Jordan

Excluded Copy Made  
for President's Personal Use

THE WHITE HOUSE

WASHINGTON

May 2, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: HUGH CARTER *HC*

SUBJECT: Salary Orders

Attached for your signature are the salary orders  
afixing Anne Wexler's and Tim Kraft's salaries at  
\$56,000 per annum, and Mike Chanin's at \$48,500.

The effective date for Wexler and Chanin is  
April 30. The effective date for Tim is April 17,  
per instructions from Hamilton.

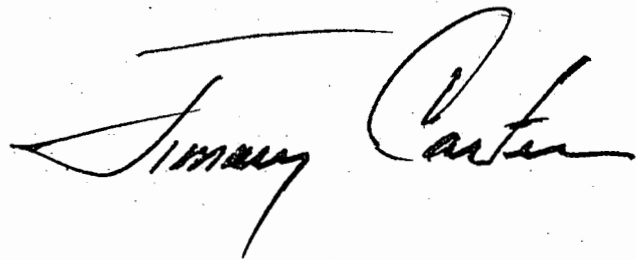
*why?*

TWO SIGNATURES REQUESTED

O R D E R

-----

I hereby fix the compensation of  
Timothy E. Kraft at the rate of \$56,000  
per annum, effective April 30, 1978.

A handwritten signature in dark ink, reading "Jimmy Carter". The signature is written in a cursive style with a large, sweeping "J" and a long, horizontal stroke extending from the "y".

THE WHITE HOUSE,  
May 8, 1978



O R D E R

The rates of compensation on the following are hereby fixed,

effective April 30, 1978:

Anne Wexler

\$56,000

Michael H. Chanin

48,500

*Jimmy Carter*

THE WHITE HOUSE,

May 8, 1978

THE WHITE HOUSE  
WASHINGTON

May 8, 1978

Bob Lipshutz

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

cc: Stu Eizenstat

RE: RECENT COURT OPINION ON  
ELECTRONIC SURVEILLANCE RELATING  
TO THE CASE OF U.S. V  
HUMPHREY

THE WHITE HOUSE

WASHINGTON

May 5, 1978

*I agree  
J*

MEMORANDUM FOR THE PRESIDENT

FROM: BOB LIPSHUTZ *BJ*

SUBJECT: Recent Court Opinion on  
Electronic Surveillance Relating  
to the Case of U. S. v. Humphrey

I have reviewed carefully the memorandum of May 4 from the Attorney General to you, as well as the complete opinion of the United States District Court Judge to which the Attorney General refers in his memorandum.

Also, I am continuing to follow this case closely with the Department of Justice personnel.

Even though the Attorney General disagrees with the court's adopting the "primary purpose" test, the Department of Justice apparently is going to try and conform as closely as possibly to this opinion in other cases until such time there is a decision by an appellate court on the same subject matter, either in this case or some other case.

As I mentioned to you in my memorandum of March 11 relating to this same case, I am quite concerned with "warrantless surveillance" of American citizens in this country, in reliance upon your personal authorization. However, I have been assured that the Justice Department does not anticipate having to request you to give such authorization in the near future.

Hopefully, the legislation now pending in the Congress will have been completed so that the dilemma which is faced in cases of this type can be handled in the future without involving direct Presidential authorization.



Office of the Attorney General

Washington, D. C. 20530

4 MAY 1978

MEMORANDUM FOR THE PRESIDENT

Re: Recent Court Opinion on Electronic Surveillance

Your memorandum of February 3, 1977, authorizing me to approve electronic surveillance in certain circumstances also directs me to keep you informed concerning developments in this area of the law. On March 30, 1978, United States District Judge Albert V. Bryan, Jr., rendered a significant opinion concerning electronic surveillance in the U.S. Information Agency - Vietnamese spy case being prosecuted in Alexandria, Virginia. A copy of the opinion is with Bob Lipshutz.

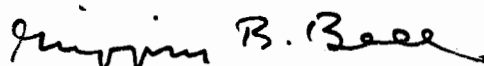
Briefly, the opinion states the following significant conclusions: (1) the President does have the power to authorize the Attorney General to approve electronic surveillance without a warrant when the primary purpose is to gather foreign intelligence; (2) information gathered from such surveillance may be received in evidence in a criminal case; (3) existing statutes and court rules do not adequately cover intelligence surveillances and use of a traditional warrant would frustrate the intelligence purpose; (4) in this particular case the "primary purpose" of the surveillances shifted from intelligence to criminal law enforcement after July 20, 1977, and evidence obtained through the surveillance after that date cannot be introduced in the trial; and (5) continuation of the surveillances after July 20, 1977, without minimizing the acquisition of non-intelligence information was unreasonable and hence unlawful.

We believe the judge erred in adopting the "primary purpose" test. We believe the correct test is whether there existed a bona fide intelligence purpose apart from any criminal law enforcement purpose, regardless of the relative importance of one purpose or the other. We believe the test adopted by the judge could, in certain cases, prove unworkable

and might frustrate counterintelligence investigations. However, that possibility would occur only in those few cases in which we actively consider prosecution and even in those cases we believe we can, in general, operate in conformity with this opinion. Therefore, while we expect to argue for a different test on appeal, we do not believe this opinion will cause any drastic modification of our current practices. On balance it supports our positions on the lawfulness of such surveillances.

The opinion, in my view, does confirm the need to move forward with the pending electronic surveillance legislation.

Enactment of that bill will avoid the "shifting focus" problems raised in this case. I will continue to keep you advised of important developments in this case.

A handwritten signature in dark ink, appearing to read "Griffin B. Bell". The signature is fluid and cursive, with the first name "Griffin" written in a larger, more prominent script than the last name "Bell".

Griffin B. Bell  
Attorney General



	FOR STAFFING
<del>X</del>	FOR INFORMATION
<del>X</del>	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION  
FYI

*Will go to President Mon AM  
'o you have no comment*

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	VICE PRESIDENT
	EIZENSTAT
	JORDAN
	KRAFT
<del>X</del>	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

THE PRESIDENT HAS SEEN.

041805MAY 78 PST.

ZCZCWHB030  
OO WTE13  
DE WTE 3601 1250016  
O 050100Z MAY 78  
FM THE SITUATION ROOM  
TO SUSAN CLOUGH FOR THE PRESIDENT  
ZEM  
UNCLAS EYES ONLY DELIVER AT OPENING OF BUSINESS WH80620  
MAY 4, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: CHARLIE SCHULTZE  
SUBJECT: EMPLOYMENT AND UNEMPLOYMENT IN APRIL.  
(RELEASED AT 9:00 A.M. EST, FRIDAY, 5-5)

THE UNEMPLOYMENT NEWS IN APRIL IS GOOD -- INDEED IN SOME WAYS  
ALMOST TOO GOOD.

UNEMPLOYMENT FELL FROM 6.2 PERCENT OF THE LABOR FORCE IN MARCH  
TO 6.0 PERCENT IN APRIL. THE MAJOR STATISTICS ARE:

0 LABOR FORCE, UP, 370 THOUSAND  
0 EMPLOYMENT, UP, 535 THOUSAND  
0 UNEMPLOYMENT, DOWN, 165 THOUSAND

THE BLACK UNEMPLOYMENT RATE FELL FROM 12.4 TO 11.8 PERCENT;  
BLACK YOUTH UNEMPLOYMENT AS DOWN SHARPLY FROM 39 TO 35.3  
PERCENT (BUT THIS STATISTIC BOUNCES AROUND FROM MONTH TO  
MONTH).

THE UNEMPLOYMENT RATE FOR WHITE ADULT MALES (20 YEARS AND OVER)  
ALSO FELL SHARPLY FROM 4 TO 3.6PERCENT. WHILE THIS CRITICAL  
RATE IS STILL ABOVE THE LEVELS ASSOCIATED IN THE PAST WITH  
UPWARD PRESSURE ON WAGE RATES, IT IS BEGINNING TO GET DOWN  
TOWARD THAT ZONE (WHICH IS PROBABLY IN THE 2.8 TO 3.1 PERCENT  
RANGE).

SINCE BOTH EMPLOYMENT AND AVERAGE WEEKLY HOURS ROSE, TOTAL  
HOURS WORKED IN THE PRIVATE ECONOMY INCREASED BY A STRONG 1.2  
PERCENT, A SIGN THAT PRODUCTION CONTINUED TO GROW RAPIDLY  
IN APRIL. (RESUMPTION OF COAL PRODUCTION CONTRIBUTED TO THIS  
GOOD PERFORMANCE.)

NOTE FOR JODY: SUGGESTED RESPONSE.

1. WE ARE PLEASED AT THE FALL IN UNEMPLOYMENT. THE SHARP  
DROP IN THE BLACK YOUTH UNEMPLOYMENT RATE IS ESPECIALLY  
GOOD NEWS -- BUT IT STILL REMAINS FAR TOO HIGH, AND ONE

END OF PAGE 01



MONTH'S STATISTIC ISN'T ENOUGH TO CONFIRM A TREND.

2. TOTAL HOURS WORKED IN THE PRIVATE ECONOMY ROSE STRONGLY, WHICH IS A GOOD SIGN THAT THE ECONOMY CONTINUED IN APRIL TO REBOUND FROM THE EFFECTS OF COLD WEATHER AND THE COAL STRIKE.
3. WE HAVE DONE EVEN BETTER THAN EXPECTED IN REDUCING UNEMPLOYMENT IN THE LAST 15 MONTHS. WE STILL HAVE A WAYS TO GO. NOW -- WITHOUT SACRIFICING FURTHER IMPROVEMENTS IN UNEMPLOYMENT -- WE HAVE TO TURN OUR ATTENTION INCREASINGLY TO GETTING BETTER CONTROL OF INFLATION.

0389  
3601

NNNN

THE WHITE HOUSE  
WASHINGTON

To Lipschutz  
Call Amer Express.  
Draft reply for  
me - It is a  
bad situation

J

THE WHITE HOUSE

WASHINGTON

RSC:

4 May 1978

TO: ~~RITA MERTHAN~~

FROM: EV SMALL, <sup>YJS</sup> CONGRESSIONAL LIAISON

I am forwarding this file to you so that Mrs. Carter can be made aware of the enclosed letter from George Gravley to Senator Tower.

As you can see from the attached copy of a page from the President's mail summary, the President noted that a copy should go to the First Lady. Rather than copying the entire file, I thought it best to send the original.

Could you please return the file to Central Files when you are finished?

Thanks.

~~Ev Small~~

# SUMMARY OF CONGRESSIONAL MAIL TO THE PRESIDENT

DATE: APRIL 20, 1978

PAGE: - 6-

	SUBJECT -----	DISPOSITION -----	COMMENTS -----
BOB STAFFORD (R) - VERMONT	REQUESTS, ON BEHALF OF CONSTITUENTS, THAT YOU SPEAK TO ATTORNEY GENERAL BELL ABOUT ADOPTING A POLICY OF VICOROUS ENFORCEMENT OF ANTI-OBSCENITY LAWS.	ACKNOWLEDGED BY FM	
TOM LUKEN (D) - OHIO	CONSTITUENT LETTER FAVORING EDUCATIONAL TAX CREDITS.	ACKNOWLEDGED BY FM	
ARLAN STANGELAND (R) - MINNESOTA	CONSTITUENT LETTER URGING THE ADMINISTRATION TO PREVENT DUMPING BY FOREIGN STEEL MAKERS BY RETAINING THE REFERENCE PRICES SET ON WIRE ROD AND ESTABLISHING SIMILAR REFERENCE PRICES ON WIRE AND WIRE PRODUCTS.	ACKNOWLEDGED BY FM REFERRED TO TREASURY	
JOHN TOWER (R) - TEXAS	CONSTITUENT LETTER DECRYING ATTEMPTS BY AMERICAN EXPRESS TO SELL "OFFICIAL WHITE HOUSE SILVERWARE."	ACKNOWLEDGED BY FM <i>cc: To Rosalynn</i>	
BOB WILSON (R) - CALIFORNIA	CONSTITUENT LETTER SUGGESTING THAT GOVERNMENT AGENCIES SHOULD SUBSIDIZE DOMESTIC MANUFACTURERS WHO WISH TO EXPORT THEIR PRODUCTS.	ACKNOWLEDGED BY FM REFERRED TO STRAUSS	
SCHWEIKER - PENNSYLVANIA	CONSTITUENT LETTER REQUESTING AID IN CIVIL SUIT.	REFERRED TO JANE SIMPSON	

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

May 5, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: HUGH CARTER

SUBJECT: Weekly Mail Report (Per Your Request)

Below are statistics on Presidential and First Family:

INCOMING                      WEEK ENDING 4/28    WEEK ENDING 5/5

Presidential	42,050	35,360
First Lady	1,535	1,845*
Amy	415	395
<u>Other First Family</u>	<u>60</u>	<u>40</u>
TOTAL	44,060	37,640

BACKLOG

Presidential	6,480	4,515
First Lady	250	285
Amy	0	0
<u>Other</u>	<u>0</u>	<u>0</u>
TOTAL	6,730	4,800

DISTRIBUTION OF PRESIDENTIAL MAIL ANALYZED

Agency Referrals	8%	9%
WH Correspondence	51%	53%
Direct File	23%	19%
White House Staff	4%	5%
<u>Other</u>	<u>14%</u>	<u>14%</u>
TOTAL	100%	100%

NOT INCLUDED ABOVE

Form Letters	4,581
Form Post Cards	4,375

Mail Addressed to White House Staff	16,291
--	--------

cc: Senior Staff

\*Not Included Above: IWY Propaganda--5,470

MAJOR ISSUES IN  
CURRENT PRESIDENTIAL ADULT MAIL  
Week Ending 5/5/78

ISSUES	PRO	CON	COMMENT ONLY	NUMBER OF LETTERS
Support for Proposed Middle East Aircraft Sale	7%	92%	1%	1,252
Suggestions re: Tax Reform Package	0	0	100%	436
Support for Production of Neutron Weapons	42%	58%	0	383
Suggestions re: Middle East Peace	0	0	100%	381
Support for Treasury Proposal to Serialize Firearms (1)	0	100%	0	359
Support for Supply of Paraquat Spray to Mexico	3%	97%	0	336
Support for Placement of Head Start in Department of Education (2)	1%	99%	0	<u>138</u>
			TOTAL	3,285

(See Notes Attached)

NOTES TO MAJOR ISSUE TALLY

Week Ending 5/5/78

(1) SUPPORT FOR PROPOSAL TO SERIALIZE FIREARMS (100% Con)

The Bureau of Alcohol, Tobacco and Firearms proposes to require the placement of serial numbers unique to the firearm and the licensee on firearms.

Writers protest that the plan is "an insidious attempt" to restrict Constitutional rights and to "nationalize" police forces.

(2) SUPPORT FOR HEAD START IN A DEPARTMENT OF EDUCATION (99% Con)

Parents of Head Start participants say that the program provides important child development services such as health care and family support and that it should be left under the control of HEW.

Not for Distribution  
In Presentation Purpose

~~THE~~ PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

May 5, 1978

C  
✓

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT  
LYNN DAFT

Stu

SUBJECT: The Emergency Agricultural Act  
of 1978

A Conference Committee reported a bill last week cited as the "Emergency Agricultural Act of 1978." The Senate approved this measure by voice vote Tuesday with House action to follow today.

The most important feature of the bill is the discretionary authority it provides the Secretary of Agriculture to adjust target prices when set-asides are in effect. The Conferees adopted the language you approved, though they added a sentence that permits (but does not require) adjustment of the target price for commodities other than the set-aside crop if the Secretary considers this necessary for the effective operation of the set-aside program. These provisions are not objectionable. They will allow us to increase the wheat target price to \$3.40 as we proposed, and we would take no other action this year.

However, the bill also provides for several changes in the 1977 Act provisions for establishing the cotton loan price. The most significant and least desirable of these is the adoption of a minimum loan price of 48 cents a pound. Though we would have preferred to have avoided this requirement, the USDA analysis indicates that the net economic effects will be slight.

- As shown in Table 1, it is expected that loan levels will be higher for 1978 and 1979 crops, but lower for the 1980 and 1981 crops, compared to current legislation.
- On balance, there will be a slight decrease in the loan receipts and a slight increase in budget outlays.
- Since the December 1978 futures price is about 7 cents a pound above the 48 cent minimum loan for the 1978 crop, there should not be any inflationary impact associated with these changes.



All agencies, OMB and CEA agree that inclusion of this provision should not be cause for a veto. There are minimal price and budget impacts, and both Talmadge and Foley worked very hard to bring in a de minimus bill which you could sign.

There are several other provisions of lesser consequence including an increase in the Commodity Credit Corporation borrowing authority to \$25 billion, authority for raising marketing orders, and permissive authority for the use of commodity programs in support of the gasohol authority in the 1977 Act.

All things considered, your advisors believe the merits of this bill outweigh its shortcomings and would recommend its approval.

Tom Foley does not want the bill to be signed while you are in Washington State.

THE WHITE HOUSE  
WASHINGTON

May 8, 1978

Jack Watson

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hatcheson

LETTER FROM MAYOR GOLDSCHMIDT

cc: Stu Eizenstat  
Bob Lipshutz

2381

THE WHITE HOUSE  
WASHINGTON

note: attached given  
to president while on  
western trip

Portland, Oregon

Portland, Oregon



OFFICE OF  
THE MAYOR

NEIL GOLDSCHMIDT  
MAYOR

1220 S. W. FIFTH AVE.  
PORTLAND, OR. 97204  
503 248-4120

May 4, 1978

Dear Mr. President:

Your stay in Portland is brief, but most welcome. I'd like to thank you for your commitment to my city and our nation's cities. I stand ready to help the program through Congress as best I can.

There are two particular matters I'd also like to call to your attention which impact Portland.

First, our City depends greatly on Far East trade, particularly with Japan. We have no direct air service between Portland and Tokyo, or any other Japanese city. The CAB has recommended such a route be awarded to United Airlines. The package in which this route recommendation is included is on its way to you. I urge your approval.

Second, on Monday, the Federal Reserve Board issued a final regulation which permits commercial banks to offer to their checking account customers a program which ties that individual's checking account to his or her savings account. If the individual does not have sufficient funds in the checking account to cover checks issued, the bank can automatically transfer money from that individual's savings account to his or her checking account.

It is obvious that the commercial banks will aggressively market this program, pointing out the convenience to the customer and suggesting that one-quarter of one percent higher interest that savings and loan

Jack  
J

May 4, 1978  
Page Two

associations can pay on passbook savings is not comparable to the convenience of this program. The banks will market, and customers will understand, that the most advantageous way for the customer to handle his or her account is to deposit all their money in the bank savings account and then have it switched automatically to the checking account as they write checks. This becomes an interest-bearing checking account.

The savings and loan industry views this as a tremendous threat, because it could potentially empty the savings and loan companies of deposits. Because savings and loan institutions now make 75% to 80% of all the home loans in this country, this regulation could have a tremendously adverse impact on housing. I believe it will impact housing production negatively.

Your Chairman of the Federal Home Loan Bank Board has publicly expressed his great concern with this regulation. His efforts to involve savings and loans in inner-city housing are succeeding. I am not optimistic that the Federal Reserve can or will orchestrate the same inner-city housing effort with its banks. I urge you to lead an effort to see the Federal Reserve Board roll this regulation back. Without such an effort I fear the urban strategy to bring the private financial sector into inner-city housing is likely to fail.

Sincerely,

A handwritten signature in dark ink, appearing to be 'Neil Goldschmidt', written in a cursive style.

Neil Goldschmidt

NG:cm

## BACKGROUND

### PORTLAND/SEATTLE TOKYO CASE

January 1970	United Airlines filed for this route.
December 1975	Case set for hearing before the Civil Aeronautics Board. United's proposal to the CAB included DC-8 service three times a week to Tokyo and on to Osaka and return. The airplane would originate in Philadelphia and make a stop in Denver on the way to Portland.
July 1977	The CAB Law Judge decision was made that no new authority should be granted.
January 1978	The CAB, reviewing the case, reversed the Judge's decision and instructed its staff to prepare an order granting United's application, making the requirement that United's proposed low fares be included. (UAL fare would be 35% lower than existing fares - or \$325 one way vs. current \$502).
May 12, 1978	Formal CAB order granting United the route will be issued and sent to the President for signature. The CAB order will now be reviewed by major departments of the government, such as the Department of Transportation, State Department, Office of Management and Budget and then signed by the President. The President has the right to delay his acceptance or unilaterally change the conditions of the CAB order. It would be in the best interests of Portland and Oregon that this matter not be further delayed, and that the President be urged to sign the CAB order which designates United Airlines as the new carrier.



UNITED AIRLINES

May 3, 1978

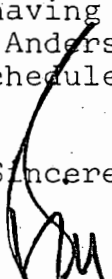
Mayor Neil Goldschmidt  
City Hall  
Portland, Oregon 97204

Dear Mayor Goldschmidt:

In our brief discussion last Sunday during the Japanese Prime Minister's arrival you asked if I had a description on the background of the Portland Tokyo route case pending before the CAB. I have attached a chronology of the case and the most recent information we have on its status. I appreciate your interest and cooperation.

Also looking forward to having you, Howard Burnett of the Chamber and Lloyd Anderson of the Port "cut the ribbon" on our new schedule June 9th at Portland Int'l Airport.

Sincerely,

  
Bill Supak  
City Manager

WLS:ba  
attachment

cc: Don Mazziotti

THE WHITE HOUSE  
WASHINGTON

May 8, 1978

Hamilton Jordan

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

cc: Tim Kraft  
Frank Moore  
Phil Wise

*Dick Moel*

RE: SENATE RACES



	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION  
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	VICE PRESIDENT
	EIZENSTAT
✓	JORDAN
✓	KRAFT
	LIPSHUTZ
✓	MOORE
	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	SCHNEIDERS
	VOORDE
	WARREN
✓	WISE

THE WHITE HOUSE  
WASHINGTON

4/27/78

Mr. President:

A more detailed report on appearances that have been made for Members will be submitted to you on Monday for use in briefing the Leadership on Tuesday.

Frank Moore

THE WHITE HOUSE  
WASHINGTON

April 26, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: HAMILTON JORDAN *HJ*  
FRANK MOORE *F.M./BR*  
RICHARD MOE *RM*  
SUBJECT: SENATE RACES

Of those Democratic senators who are running for re-election this year and who supported us on the treaties, only five can be considered to be in serious or potential trouble. They are Senators Haskell, Hathaway, Pell, McIntyre and Anderson. By next week, you will have made recent state appearances for four of them, all except Anderson.

As you know, Anderson is in deep trouble because of his self-appointment and the polls now show him behind his Republican opponent. He not only needs a public boost but also money, and we recommend you offer to do a fundraiser for him in the near future. The Vice President has been helping him a lot, but an appearance by you would give his campaign a much-needed shot in the arm. (You will recall there will be two senate seats up in Minnesota this year; the other candidate is certain to be Rep. Don Fraser who will also face a tough race, and it may be necessary to go back to Minnesota later in the year.)

Approve scheduling of Anderson event ☒ Disapprove ☐

*Check & me before setting a date.*

We believe it is too early to schedule additional events for Senators Haskell, Hathaway, Pell and McIntyre. Rather, we recommend that we monitor these races carefully and be prepared to schedule additional visits in the fall if the senators feel they would be useful. Similarly with Senators Biden and Clark, for whom you have also appeared and who seem to be in good shape but who bear watching. (By next month, the Vice President will have made appearances for Senators Clark, Haskell, Hathaway, Pell and McIntyre.)

Agree ☒ Disagree ☐

FROM: HAMILTON JORDAN  
FRANK MOORE  
RICHARD MOE

April 26, 1978

Senators Nunn and Huddleston appear to be in excellent shape for re-election but both took a lot of abuse on their treaty votes. Also, both are key to other Administration initiatives in the Senate, and therefore we recommend offering a presidential appearance in their states in the near future.

Agree \_\_\_\_\_ Disagree ✓

Senator Hatfield of Montana has probably paid a greater political price for his treaty votes than any other senator. As you know, however, he faces a very difficult June 6 primary against Rep. Max Baucus and the latter is heavily favored. Hatfield has not requested an appearance by you before the primary and we believe it would be a serious mistake to offer an appearance before the primary is over.

Agree ✓ \_\_\_\_\_ Disagree \_\_\_\_\_

The remaining Democratic incumbents running for re-election -- Johnston and Randolph -- opposed us on the treaties. Randolph is in serious trouble in spite of his votes, and he will probably need your help later in the year.

There are a large number of open senate seats this year where the real battles will be fought, as well as a few seats held now by Republican incumbents who are vulnerable, but in almost all of these instances the Democratic nominee has not yet been determined. Most of them will be selected by early June, and we propose to submit additional recommendations for campaign appearances by you at that time.

THE WHITE HOUSE  
WASHINGTON

4-22-78

To Sam  
Frank

I'm particularly  
eager to see reelected  
this year Senators  
who voted for the  
Treaties. Give me an  
individual assessment  
of what we can do  
to help them -

J

2377

THE WHITE HOUSE  
WASHINGTON

May 8, 1978

Frank Moore  
Phil Wise

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

TRIP TO CHICAGO

THE WHITE HOUSE  
WASHINGTON

May 1, 1978

MR. PRESIDENT:

Attached is a proposed two-day  
itinerary planned around your  
May 25 trip to Chicago. The  
Oak Ridge portion is contingent  
upon the timing of the Clinch  
River funding package.

PHIL WISE

*Wouldn't it be  
better on 5/22?*  
*J*

THE WHITE HOUSE  
WASHINGTON

May 2, 1978

MR. PRESIDENT:

The ERDA Non-military Authorization bill containing the Clinch River funding package is to be marked up in the House on Monday, May 22, and voted on during that week. This would allow a Friday, May 26, stop in Oak Ridge, but not a May 22 date.

PHIL



THURSDAY - MAY 25, 1978

- 2:00 p.m. Depart South Lawn.
- 3:00 p.m. Arrive Chicago, Illinois.
- 4:00 p.m. Regional News Conference.
- 6:00 p.m. Attend Dinner reception.
- 8:00 p.m. Cook County Democratic Dinner (6,000 attendance).
- 9:30 p.m. Overnite with Jim Wall.

FRIDAY - MAY 26, 1978

- 8:00 a.m. Depart Chicago.
- 8:40 a.m. Arrive Springfield, Ill.
- 9:15 a.m. Attend joint Breakfast Fundraiser for Alex Seith and Michael Bakalis - Senatorial and Gubernatorial candidates.
- 10:35 a.m. Depart Springfield, Ill.
- 12:45 p.m. Arrive Knoxville.
- 1:20 p.m. Arrive Oak Ridge.
- 1:30 p.m. Roundtable discussion with selected engineers and scientists on Oak Ridge.
- 2:15 p.m. Tour of selected facilities.
- 4:15 p.m. Press statement.
- 4:40 p.m. Depart Oak Ridge.
- 5:15 p.m. Depart Knoxville.
- 6:00 p.m. Arrive Charleston, West Virginia.
- 6:30 p.m. Attend pre-dinner reception for Senator Jennings Randolph.
- 7:30 p.m. Depart Charleston.
- 8:10 p.m. Arrive Andrews AFB.
- 8:45 p.m. Arrive Camp David.

APPROVE \_\_\_\_\_

DISAPPROVE \_\_\_\_\_

*Work out to  
Frank  
J*

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

6 May 1978

MEMORANDUM FOR THE PRESIDENT

FROM: RICK HUTCHESON *Rec. Summary R-H*  
SUBJECT: Status of Presidential Requests

VICE PRESIDENT:

1. (4/17) Please call Marian Edelman and Coretta King regarding the Head Start Program in the Department of Education -- In Progress, (with the Vice President's office and Stu's office).

*Why the delay?*

CHARLES WARREN:

1. (4/12) Work with Jim Fallows on the Solar Energy Speech -- Done.

*done*

KRAFT:

1. (4/24) (Voorde) Let Frank work out a Presidential message or a Vice Presidential trip regarding the West Virginia State Society Dinner honoring Sen. Byrd on 5/17 -- Message Conveyed, (Presidential message to be sent).

*done*

BRZEZINSKI:

1. (4/27) Prepare a nice letter of appreciation from the President to Arthur Goldberg regarding the Belgrade meeting -- Done.

*done*

LIPSHUTZ:

1. (5/2) Check with the CAB regarding the Bermuda II Agreement and Logan Airport -- In Progress, (expected 5/9).

MOORE:

1. (4/6) (and the Vice President) Check with Pat Harris on the Tennessee Director concerning the Knoxville UDAG grant -- In Progress.
2. (4/6) See Jim Gammill regarding Malcolm Reese. Comply with Sen. Nunn's request that Reese serve at either SBA or Federal Home Loan Bank Board in Atlanta or Washington -- In Progress, (Reese is tentatively scheduled to meet with Frank during week of 5/8).

EIZENSTAT:

1. (4/12) (and McIntyre) Expedite Pension Commission -- In Progress, (Eizenstat, McIntyre and Moore will be meeting week of 5/8 to discuss).
2. (4/21) Comment; the President wants to hold to maximum deregulation and minimum budget costs, and is willing to fight it out with Congress -- In Progress, (expected 5/8, previously expected 5/3).

BOURNE:

1. (5/1) (Personal & Confidential) Explain by memo the 4/27 AP Wire report from Secretary Brown concerning disagreement by members of the White House Staff with policies of DoD as related to Congress -- Done.  
(5/2) (Secretary Brown) You and Peter meet to discuss the report regarding White House staff testifying before Congress -- In Progress, (meeting scheduled for 5/12 with Charles Duncan and Peter).

SCHLESINGER:

1. (5/1) Please explain about the WASHINGTON POST article of 5/1 indicating that the Administration is preparing a complex set of changes in the federal energy regulations that could lower heat and power prices for east coast consumers by as much as \$.5 billion a year at the expense of the rest of the country -- In Progress, (expected 5/12).

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION  
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	VICE PRESIDENT
	EIZENSTAT
	JORDAN
	KRAFT
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
✓	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
✓	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

THE WHITE HOUSE  
WASHINGTON

please send me cc

thanks -- ssc

	FOR STAFFING
	FOR INFORMATION
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	LAST DAY FOR ACTION -

ACTION  
FYI

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	EYES ONLY

	VICE PRESIDENT
	EIZENSTAT
✓	JORDAN
	KRAFT
	LIPSHUTZ
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	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
✓	SCHULTZE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
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	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

THE WHITE HOUSE  
WASHINGTON  
May 8, 1978

Charlie Schultze

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

DISTURBING THOUGHTS ABOUT  
THE ECONOMIC OUTLOOK

ADMINISTRATIVELY  
CONFIDENTIAL

2377

Charlie  
C  
/

THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

EYES ONLY

May 6, 1978

MEMORANDUM FOR THE PRESIDENT

FROM:

Charlie Schultze <sup>CLS</sup>

SUBJECT:

Some disturbing thoughts about the economic  
outlook

Several recent and prospective developments pose some major difficulties for our economic objectives and policies. In the process of developing outlook material for your May 16 Budget Preview session, we have become increasingly concerned about these developments. This note provides an initial summary of the problem.

1. Greater than expected fall in unemployment. Taking the 1st and 2nd quarter together, the GNP is not far from the track we had been forecasting. But employment has grown very strongly and unemployment has fallen by almost 1 percentage point faster than past relationships with GNP would have led us to expect. A small part of this may be due to a greater than anticipated effectiveness of public service employment. But -- assuming our GNP statistics are basically correct -- most of it represents a very low growth in productivity. This low growth may be an aberration, or it may reflect a long-term loss in productivity. If it is the latter -- so that the new relationship between GNP and employment is not reversed -- two problems will face us in the immediate future:
  - o the lower productivity growth will give us larger price increases, since there would be less productivity to offset wage increases; and
  - o unemployment, by late 1979, might fall to the range of 5.3 to 5.5 percent -- given the GNP growth we now forecast; this, in turn, could lead to labor market conditions in which wage rates might well be accelerating.
2. A monetary crunch. Economic growth in the current quarter is very large -- in the range of 8 to 10 percent annual rate. This is combined with very large food price increases. The combined growth in output and



prices is, in turn, leading to a very high growth of the money supply ( $M_1$ ), above the Fed's target range. The Fed has already raised interest rates by 1/2 percent in the past two weeks. Even if Bill Miller would be willing to live with monetary growth rates above target for awhile, the other members of the Federal Open Market Committee are not likely to -- especially when large growth in  $M_1$  is combined with a strong second quarter and bad news on the inflation front. It is entirely possible that we could see a further sharp runup in interest rates over the next three months. After some time lag, such a development would begin to reduce housing construction, possibly by a sizeable amount in late 1978 and early 1979. In this eventuality, economic growth would slow sharply, leading to a significant rise in unemployment. While this would dispose of the problem discussed in (1) above, it would do so in a way we surely don't want.

3. Wage rate increases. Average straight-time earnings in April 1978 were 8.3 percent above a year earlier. In early 1977 earnings had risen only 7 percent above 1976. Some of this acceleration is due to the January increase in the minimum wage (which added perhaps 0.3 to 0.5 percent to the recent year-over-year gains). Some of the acceleration may be due to the direct and indirect effects of the speed up in food price increases. And, since labor markets have been improving rapidly in the last year, some of it probably reflects a catching up of unorganized and small union workers with the recent sizeable wage gains won by large unions. Once the rate of food price increases subsides the wage growth may fall back somewhat. But it is likely to continue at a higher level than last year and, indeed, the catch-up phenomenon might push the increases up again.

I have discussed the monetary situation with Bill Miller. Mike Blumenthal, Bo Cutter, (for Jim) Bert Carp (for Stu) Lyle Gramley, Bill Nordhaus and I met about the implications of these developments on Saturday morning. We are meeting again on Monday. We are considering strategies to reduce the FY 1979 and 1980 budget deficits, and we will probably be seeking an appointment with you this week to discuss the situation.

*a new  
Concert?*

THE WHITE HOUSE  
WASHINGTON

May 8, 1978

Zbig Brzezinski  
The attached memo was returned today  
and is forwarded to you for appropriate  
handling.

Rick Hutcheson

cc: Jim Gammill

APPOINTMENT OF UN DAY NATIONAL CHAIRMAN

2380

MEMORANDUM

NATIONAL SECURITY COUNCIL

May 4, 1978

2355

ACTION

MEMORANDUM FOR:

ZBIGNIEW BRZEZINSKI

FROM:

HENRY RICHARDSON *HR*

SUBJECT:

Appointment of UN Day  
National Chairman

At Tab 1 I attach your memo to the President covering the letter to Mr. Clifton Garvin, Jr. (Tab A). Mr. Garvin is Chairman of the Board of Exxon, and has been named as National Chairman for UN Day 1978.

The letter has been revised per Tab B and has been cleared by State and Fallows.

RECOMMENDATION: That you sign the memo at Tab 1.

*I suggest Susan sign the attached.*

*yes*

*Ride*

*yes*

*25*

*R1*  
*9*

MEMORANDUM FOR THE PRESIDENT

FROM: ZBIGNIEW BRZEZINSKI

SUBJECT: Appointment of Clifton Garvin,  
as National Chairman for UN Day  
1978

At Tab A lies your letter making the above appointment.

You are already aware of the slight political problem, now ironed out through Hamilton Jordan's office, concerning Garvin's past contributions to the Republicans. For this reason, we intend to give the minimum publicity possible to this particular letter. Garvin's name, however, will come up in the normal course of events publicly at both the UN Spring Dinner on June 5th, at which the Vice President may speak, and in connection with your proclamation of UN Day in the Fall.

RECOMMENDATION: That you sign the letter at Tab A.

State and Jim Fallows have cleared the draft.

THE WHITE HOUSE

WASHINGTON

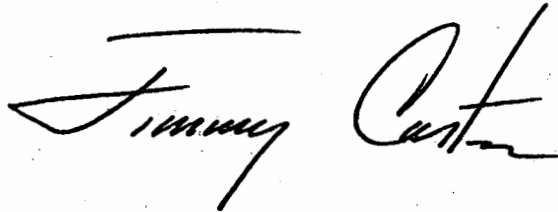
To Clifton Garvin

I am pleased to appoint you as the United States National Chairman for United Nations Day 1978.

Each year United Nations Day, and the programs associated with it, help make the public more aware of the benefits of American participation in the UN system. In an increasingly complex world, many of our aspirations as a nation are best realized through cooperative efforts with the other member states of the United Nations.

Serving as Chairman of United Nations Day is a vital task, and I appreciate your willingness to accept this challenging appointment. You have my best wishes for a successful and effective undertaking.

Sincerely,

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned below the word "Sincerely,".

Mr. Clifton C. Garvin, Jr.  
Chairman  
Exxon Corporation  
1251 Avenue of the Americas  
New York, New York 10020

MEMORANDUM

NATIONAL SECURITY COUNCIL

2355

MEMORANDUM FOR:

ZBIGNIEW BRZEZINSKI

FROM:

HENRY RICHARDSON *HR*

SUBJECT:

Appointment of UN Day National  
Chairman

At Tab 1 I attach your memo to the President covering his letter to Clifton Garvin, Jr., Chairman of the Board of Exxon, who has been named as National Chairman for UN Day 1978.

I checked to see whether building some publicity around the release of this letter, and using the occasion for the President to reaffirm the U.S. commitment to the UN and perhaps push the UN Reform package, would be in order, but Ham Jordan's office prefers that this be played as low key as possible. It seems that UNA, who traditionally suggests such names, had already informed Garvin that they would recommend him before discovering that he was a substantial Republican contributor. You might already be aware of the subsequent interchanges between Jordan's office and the UNA before the former reluctantly agreed to accept the recommendation. Hence, they are now loathe to give Garvin any more publicity than the minimum necessary.

In the normal course of events, however, his name and this appointment will come up at the UN Association Spring Dinner on June 5th, at which the Vice President may speak, and also in the President's proclamation of UN Day in the Fall.

The letter to Garvin is acceptable, identical to State's draft, and has been seen by Fallows.

RECOMMENDATION: That you sign the memo at Tab 1.

*Revised letter as indicated*

*5/4/78.  
Revised OK'd by Fallows  
HR*

THE WHITE HOUSE  
WASHINGTON

5/8/78

rick--

these were brought to me by  
nsc office for signature....  
(which i've done)...however, i  
would appreciate your checking/  
routing garvin letter to insure  
process is/was complete...and  
that appropriate copies, etc.,  
are sent appropriate places on  
staff of iran letter.

(if letters are ill-advised, please  
"x" through and return to nsc  
with comment)

(you might want to return to nsc  
with comment anyway that it helps  
to have sent through you, even if  
requesting me to sign for president,  
so completeness can be insured)

thanks -- susan

cc Gammell

(Patti - make sure by phone  
that he cleared this  
before returning cc to 2B.)

Also - note to Indersforth:

"The attached shared have been  
routed thru me. I ~~can~~  
routinely have Susan sign  
the more trivial corres-  
pondence. "

R.L.



THE WHITE HOUSE  
WASHINGTON

May 8, 1987

Rick Inderfurth

The attached should have been routed  
thru me. I routinely have Susan sign  
the more trivial correspondence.

Rick Hutcheson

THE WHITE HOUSE  
WASHINGTON

May 8, 1978

Frank Moore

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

cc: The Vice President  
Hamilton Jordan  
Stu Eizenstat  
Jack Watson

Frank  
J

THE WHITE HOUSE

WASHINGTON

May 6, 1978

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: THE PRESIDENT  
FROM: FRANK MOORE  
SUBJECT: Weekly Legislative Report

DOMESTIC POLICY ISSUES

1. ENERGY

Natural Gas: Last week's open conference meeting was marked only by procedural maneuvering with no votes cast. Another public conference is scheduled for Tuesday. DOE is working on solving a remaining technical issue of redetermination clauses as they apply to intrastate contracts that expire after 1985. Resolution of this issue in a way that gains the support of Eckhardt (who has a primary today), Wilson (Tex), and Waggoner would produce 12 House votes in support of the compromise. We need 13 House votes and are working with Reuss on other matters in an attempt to win him over.

Energy Taxes: The energy tax conference will not formally resume until natural gas is put to bed, but some important informal meetings are likely to begin next week.

2. TAX REFORM/WAYS & MEANS COMMITTEE ACTION

--- Ullman has proposed a compromise tax plan of \$15 BILLION gross in tax cuts for individuals and business to be offset by \$6 BILLION in revenue-raising reforms. The reforms would include repeal of itemized deductions for state and local gasoline and sales taxes, as well as elimination of business deductions for company yachts. Ullman also proposes a reduction in the jobs tax credit to apply only to hiring in inner cities.

-- In addition, Ullman's strategy includes a \$4 BILLION to \$5 BILLION reduction in Social Security taxes to be financed by a two-year use of general revenues for the hospital insurance or disability programs. Ways & Means is scheduled to begin work on the Social Security legislation next week, but Ullman hopes to keep it separate from the tax package.

-- There is no final agreement on the tax cut package. After the Social Security bill is finished, the Committee will go back to work on the tax bill. The Steiger capital formation amendment is still the stumbling block.

### 3. CIVIL SERVICE REFORM

-- CSC advises that the Senate Governmental Affairs Committee set the beginning mark-up date on the reform legislation for May 18. The Committee hopes to complete mark-up before the Memorial Day recess, but it is likely to continue into early June following the recess. Hearings were completed this week.

-- The veterans preference issue in the civil service legislation has become especially sensitive in the Senate since the Panama Canal Treaty vote. Senators voting in favor of the treaties are really feeling the heat from the American Legion and the VFW. Some Senators will not vote against them again this session regardless of the arguments presented for change. Senator Cranston, as Chairman of the Veterans Committee, is doing us no favors on this issue.

-- The House Post Office & Civil Service Committee is still putting together a position paper on the legislation prior to a Committee caucus. Mo Udall's involvement has been favorably received and is seen as a strong, serious commitment to report the legislation in early June.

### 4. HOSPITAL COST CONTAINMENT

-- The House Commerce Committee mark-up was tentatively scheduled to begin on May 16, but it now may be off until May 23. (Cost containment is not a bill which must be reported before the May 15 deadline imposed by the budget process.) Action in Ways & Means will follow consideration of the bill in the Commerce Committee. HEW is still trying to work out a compromise with the labor movement on the wage pass-through issue. Whether these negotiations are successful or not, cost containment is an ideal item to include in your discussions on inflation with labor leaders this week.

-- HEW is also continuing negotiations with the staffs of the four House and Senate Committees involved to develop some common understanding about the shape of the final legislative product. The Talmadge staff dislikes the percentage cap, arguing that it is arbitrary and can result in incentives to efficient hospitals to increase their costs to the limit. WHCL and DPS will work on this problem.

### 5. AIRLINE REGULATORY REFORM

-- Chairmen Johnson and Anderson, along with Congressmen Levitas, Snyder (R-Ky), and Harsha (R-Ohio), have agreed on the compromise reform bill that contains a very limited automatic entry program. Congressman Ertel feels abandoned. Subcommittee mark-up could come as early as next Tuesday.

6. LABOR LAW REFORM

-- Senator Byrd has announced that the bill (S. 2467) will be taken up on May 15 and has secured an agreement with the opponents that there will be no filibuster on the motion to take up the bill. The principal leaders of the opposition are Senators Hatch, Tower, and Helms. Senator Helms has already filed 30 amendments, and 82 amendments were filed earlier this week by Senator Hatch. There will undoubtedly be many more. It is not altogether clear what role Senator Baker will play although the common view is that he may become an active opponent in order to "redeem" himself among Republicans who were unhappy about his support of the Panama Canal Treaties. *he will*

-- The biggest fight over the bill will be the ability to successfully get cloture. As of now, there are 53 solid votes for cloture at any time. In addition, there are six Senators who have indicated they will vote for cloture "eventually" (this is, by the second or third vote after some time has elapsed in the debate over the bill). There are three Senators whom DOL has categorized as "shaky" but who possibly can be swayed to vote for cloture with some more work. Two other Senators are viewed as potential "longshots". Thus, there are 64 potential available cloture votes and the balance can be swung by five Senators. There is no question that this will be close but DOL feels that cloture is clearly achievable.

-- Senator Byrd has privately made clear that he wants cloture invoked by the time of the Memorial Day recess. This effectively gives us two weeks from the beginning of the debate. He has further indicated that he will cut the recess short if it is necessary to have a few extra days to get cloture. This means that the two-week period commencing May 15, will be a critical time period. If cloture is achieved, it could well take an additional two to three weeks after the recess to finally dispose of the bill.

-- The second major problem which deeply worries us is the so-called "post-cloture filibuster". As you know, this technique was used during the Senate debate on the energy bill. It is projected that as many as 500 amendments will be printed and available for use by the opponents. No one is sure how to stop the use of this procedure and it is clear that there is an extreme reluctance to have the Vice President get involved in the same way he did to cut off the post-cloture filibuster of the energy bill. It is possible, however, that there will be substantial peer pressure on the opponents which will keep them from persisting in a filibuster by amendment.

-- The opponents of the bill have surfaced three major issues which are being used to intensify the emotions in the Senate. These issues are: 1) the effect of the bill on small business; 2) the effect of the equal access provisions on an employer's property rights; and 3) the short time periods for the conduct of elections in simple cases. We are certain that there are bound to be compromise amendments offered and adopted

on these matters. However, it is our clear public position that we are opposed to any such amendments. There will probably be a point when we will have to help reach appropriate compromises in order to get the bill through.

-- Meanwhile, Secretary Marshall is continuing his one-on-one's with targeted Senators, having met this week with the Minority Whip and Senators Chiles and Heinz.

## 7. APPROPRIATIONS

Labor-HEW: This House subcommittee completed its mark-up last Thursday. The subcommittee added \$600 million to the Administration's budget authority request. OMB advises that after factoring out cuts to uncontrollable welfare programs, the real increases to discretionary programs total about \$900 million.

-- Secretary Califano and his staff have met with Members of the Subcommittee to urge them to hold the line on your budget request. HEW reports that while the Subcommittee did add significant amounts of money in several areas, the total does not approach what HEW had feared. The largest add-ons were \$305 million for NIH, \$123 million for health professions capitation, \$100 million for Title I ESEA, and \$257 million for student assistance.

-- The Subcommittee decided at the outset of the markup to handle two Labor-HEW Appropriations bills for FY 1979. The bill reported by the Subcommittee last week carries funds only for those programs which have already been authorized. Appropriations for FY 1979 activities not yet authorized will be included in a bill to be considered by the Subcommittee toward the end of the session.

Public Works: This House subcommittee completed its mark-up in closed session last Wednesday. The bill is about \$20 million under the budget request, with a cut of \$355 million for energy plant and capital equipment offsetting the following increases:

- \$200 million for the Corps of Engineers
- \$18 million for Bureau of Reclamation
- \$30 million for the Appalachian Regional Commission

-- Information on this bill is still quite fragmentary, but OMB advises that it is obvious that the Corps totals include a significant number of new construction starts for water projects.

Transportation: The House Appropriations Subcommittee on Transportation held its mark-up session last Monday. OMB advises that major increases to the request include: 1) +\$415 million in program level for various mass



transit programs, including \$75 million for a rural and small urban grant program and \$75 million for a commuter rail subsidy grant program (OMB advises that this increase may be camouflaged in the eventual committee report by technical budget manipulations); 2) +\$300 million in budget authority to provide direct appropriations rather than loan guarantees for Conrail Operations, 3) +\$73.2 million in BA for unrequested increases to several general funded highway programs.

-- The limitation on the Federal-aid highways program was increased by \$300 million to \$8.1 BILLION. This action will affect outlays. The subcommittee staff expects additional add-ons to this bill pending the outcome of the highway-transit authorization bill now before the Congress.

-- Several programs in FAA and Coast Guard were not fully funded as the Administration had recommended. OMB advises that Chairman Mahon may raise this issue in full committee since he opposes the artificial cuts made by the subcommittee in denying full funding.

HUD-Independent Agencies: This House subcommittee held its mark-up in closed session last Wednesday. The subcommittee recommended a net decrease of \$426 million for the Administration's request.

-- The major changes to the Administration's requests include: 1) 0- \$300 million for the \$4.5 BILLION requested for EPA waste water construction grants, 2) +\$32.8 million for VA medical care--representing a 60% bed restoration (report language will direct VA to proceed with plans for the Camden hospital), 3) -\$40 million from the NSF request, primarily for research activities, 4) -\$37.7 million from the NASA request including \$17.8 million for construction and \$12.9 million for R&D. While the subcommittee included \$4 million for long-lead procurement of the fifth orbiter shuttle, report language will be included saying that this does not imply future support for the fifth shuttle.

-- The subcommittee deferred action on the \$1.0 BILLION request for antirecession financial assistance due to lack of authorizing legislation. HUD advises that it was successful in fending off potential increases to the Section 202 housing program.

Agriculture: Subcommittee mark-up on this bill is scheduled for next Wednesday. There may be unrequested funding increases for the Agricultural Conservation Program, for agricultural research, and for the "Culver amendment" to the Clean Water Act which funds projects to eliminate non-point sources of water pollution. The subcommittee may place some restrictions on personnel, especially for the Soil Conservation Service.

## 8. BUDGET RESOLUTION

-- The House will take up the Budget Resolution again on Tuesday. In action last week, the House adopted the Roberts amendment to increase veterans' entitlement benefits (\$1 BILLION in BA) by a vote of 362 to 33; a Simon technical amendment to reduce farm price support outlays by \$1.7 BILLION; and on a key 199-173 vote, adopted a Luken elementary,

secondary, and higher education tax credit. There was a later 227-136 procedural vote on the issue. Last year when the House voted on tuition tax credits during consideration of the budget resolution there were 311 votes in the affirmative, so we seem to be making progress. We also have a list now of people we need to work on.

-- Even though the only two substantive amendments adopted point toward a tendency to increase the deficit, a "Republican alternative" amendment by Rep. Marjorie Holt (R-Md) to reduce the Budget Committee deficit by \$10 BILLION was narrowly defeated by a vote of 197 to 203. The Stratton amendment to increase defense budget authority by \$2.4 BILLION (to \$1.4 BILLION over the budget) was defeated by 142 to 262. The Caputo Korea amendment is likely to come up next week.

-- The House and Committee leadership is worried that if any of the following three budget cutting amendments are adopted during action next week, the entire resolution will be defeated:

- A Fisher amendment to reduce outlays by 2% across the board (with accompanying BA reductions to be provided by the Committee);
- A Krueger substitute to the Fisher amendment to exclude Defense from the cuts. (The Committee is concerned about this amendment, since the Members expect to have difficulty arguing against the Krueger substitute and then trying to oppose the Fisher amendment.);
- A Volkmer cut amendment to reduce BA by 2% in discretionary programs.

-- The Republicans are lining up to oppose the resolution in a block and many Democrats are threatening to vote against it for particular reasons.

## 9. ALASKA LANDS

-- The Alaska legislation is currently scheduled to go before the House Rules Committee on May 15, with a vote on May 16, and to the House floor on May 17.

-- Congressman Lloyd Meeds, who attempted largely unsuccessfully to weaken the bill significantly during House Interior Subcommittee and Committee consideration, has threatened to kill it in Rules, claiming he has the votes to do so. As of yesterday, Interior's count indicated that, if the vote were held now, he would have the votes. As you may know, Meeds has his eye on a Federal judgeship after he retires next year.

-- We are undertaking a major effort to gain the necessary 8 votes on Rules, as are Chairman Mo Udall and the various environmental lobbyist groups that have joined together as the "Alaska Coalition." Speaker Tip O'Neill has publicly stated his strong support for the legislation. We should be successful.



ok -- In the Senate, we still have a problem with Senator Byrd because of Stevens. We think Byrd can be talked out of his reluctance to bring the bill up. He will probably claim that this will cost us Steven's vote on other issues, such as labor reform. White House CL will meet with Interior CL on Monday to plan a strategy.

#### 10. URBAN POLICY

-- While we had some success last week on getting some pieces of the urban policy package adopted in some committees (including ACTION's urban volunteer program in the full House and Senate markups, and additional funds for HUD's Section 312 Rehabilitation Loan Program in the House Appropriations Committee markup), Commerce advises that there is a feeling on the part of staffs of key Members that there is no one pushing for the proposals and that unless something changes it is very difficult to foresee enactment of legislation this year.

-- Treasury reports that hearings began this past week in both House and Senate on the Supplementary Fiscal Assistance proposal. On the Senate side, Senator Muskie (traditionally the father of counter-cyclical) is not in agreement with the Administration's position, and he could influence Hathaway who is carrying our water in Committee. Senator Long seems interested in the Administration's formula since it gives Louisiana more money than the state would get under regular Revenue Sharing. On the House side, the Government Operations Committee presents the same problem on this issue that it did last year. Generally, until the interest groups begin to express their own strong interest in Supplementary Fiscal Assistance, it will be slow going in Congress.

#### 11. AGRICULTURAL ISSUES

Farm Bill: In a vote much closer than anyone expected (212 to 182), the House on Thursday approved and sent to you the so-called Emergency Farm Bill, which authorizes the USDA Secretary to increase wheat, feedgrains and cotton target prices when a set-aside or land diversion program is in effect. Under this language the Administration has agreed to raise the wheat target price only to \$3.40. However, the bill also increases the minimum cotton loan rate to 48¢ per pound (which we opposed because of resulting increased costs of \$46 Million in FY 79 and \$56 Million in FY 80), and increases the borrowing authority from \$14.5 to \$25 BILLION (which we need).

Sugar: Two additional sugar bills were introduced in the House on Tuesday. One by Rep. "Kika" de la Garza and 24 cosponsors is identical to the bill Senator Church introduced last week (backed by sugar producers). The other, by Rep. Raymond Lederer, was drafted and is backed by the sugar refiners and industrial users, who oppose the Church-de la Garza approach. The Church bill (import quotas and fees) is moving on a fast track in the Senate with Finance Committee hearings scheduled for May 11 and 12. Church has 34 cosponsors now and expects close to 40 by next week. The payments bill being considered by the Administration (a decision memo is on its way to you) will be supported by the refiners, confectioners, soft drink manufacturers, and other industrial

users, but probably comes too late to head-off the Church bill. The Industrial Sugar Agreement Enabling legislation (a tough bill to reject) could be used as a vehicle for attaching Administration-opposed agricultural measures.

Farm Credit: The Senate on Tuesday, 92-0, passed amendments to the Consolidated Farm and Rural Development Act (also called Credit Assistance Act of 1978). Passed by the House a week earlier, the differences between the two bills are slight and the conference committee should be able to move swiftly when they meet, probably around May 15. About a dozen amendments were adopted, but only two which the Administration strongly opposes and will work to get dropped in conference. One, by Rep. Berkley Bedell (D-Iowa) permits the use of revolving funds for administration of loan programs. The other, by Rep. Dan Glickman (D-Kan) would mandate that FmHA loan rates be the same (lower) as those of HUD and SBA. Since neither amendment is in the Senate bill, USDA believes that we can get them dropped in conference.

## 12. WATERWAY USER FEES

-- Last Wednesday, the Senate rejected the Stevenson-Domenici amendment which would have established a system of waterway user fees. The amendment, which was defeated 47 to 43, would have phased in a 12¢ per gallon fuel tax beginning October 1, 1979 and established a system of recovering capital costs on new waterway projects. Instead, the Senate passed a barge industry proposal backed by Senators Long, Eastland and Stennis which contains no cost recovery and phases in the fuel tax over a longer period. DOT believes the vote would have been won if two of the four Senators (McGovern, Humphrey, Matsunaga, and Case) had not switched their positions. DOT also reports that another Senator, who would have voted for the amendment, was released from his commitment by Domenici when the outcome was clear.

*It will  
be  
vetoed* -- WHCL knows that Long had at least two of our votes committed to him if needed and feels that DOT's assessment of where the votes really were was optimistic. The Waterway Bill must now be considered a prime candidate for veto. We have alerted OMB to many of the bill's objectionable provisions--including the user fee provision. The bill cannot be improved in conference.

## FOREIGN POLICY AND DEFENSE ISSUES

### 1. MIDDLE EAST ARMS SALES

-- We move into next week's crucial votes on the aircraft proposals with a good deal of momentum. Hearings before the Senate Foreign Relations Committee have gone well, with even the GAO giving our case a boost. The SFRC will hear Henry Kissinger on Monday and could schedule a vote after his testimony. The House Committee begins hearings on Monday with Congressional witnesses. The Administration will be heard on Tuesday with the CIA and GAO scheduled for Wednesday. The HIRC may vote on disapproval resolutions on Thursday.

-- Members hope to avoid a bloody battle on this issue and the need to take a stand, but some are becoming concerned that the Administration will not permit them to slide off the hook. We continue to build on our lead

in the Senate, but congressional beliefs that we are being excessively rigid could threaten the political consensus which seems to be developing against a blood letting on this issue.

-- Members continue to put forth proposals for compromise. There seems to be no consensus as to what would be needed to allay concerns over Israeli security. The primary issue is Saudi Arabia's possible use of the F-15 to attack Israel. Many assume that the Administration will eventually agree to supply more planes to Israel. We have been doing our best to indicate that this is not necessarily in the cards and that we feel we can win without making any major moves in this direction.

## 2. TURKEY EMBARGO

-- The Senate Foreign Relations Committee will vote on the Administration's proposed assistance to Greece, Turkey and Cyprus next week, following a one-vote victory in the HIRC this week. We do not have a majority in the SFRC at this time, but working with State, we will meet with each member of the Committee in the next five days. Clark Clifford will call on Sparkman, Church, Baker and several other key Senators.

-- It will be difficult to build majorities in both houses for the floor vote, and therefore we are working with State to have the vote delayed until mid to late June. In the interim we will try to counteract opposition arguments which are based mainly on two inaccurate propositions:

-- Turkey is a major violator of human rights.

-- lifting the embargo would sacrifice the rule of law to expedience.

Whether or not we are successful in building floor majorities will depend on Turkish movement on the Cyprus question prior to the votes. Thus HIRC hopes the Turkish Government will respond immediately to the Committee's vote, thus avoiding a bruising floor fight led by the Greek lobby.

## 3. ARMED SERVICES COMMITTEES

-- DOD CL staff advises that they are working with Rep. Aspin and other House liberals on countering the Armed Services Committee recommendations on shipbuilding, but it will be very difficult to succeed on this without moderate and conservative support. The House Committee is also organizing special panels on International Arms Control in an effort to gain further influence in this area. The Senate Arms Services Committee hopes to finish its markup on the Authorization bill next Tuesday. DOD reports that on a tentative basis, they have added a nuclear carrier, but not a nuclear cruiser; fully authorized the cruise missile carrier; substantially cut the M-60 tank program; added an LHA; and will not include the Korea language in the House bill.

#### 4. EXIMBANK AND SOUTH AFRICA

-- The Exim Authorization Bill reported this week by the House Banking Committee includes a prohibition on future relations with South Africa has made "significant progress toward elimination of apartheid." Floor action is tentatively scheduled for Wednesday, May 10, and the prohibition is likely to be sustained by the full House.

-- A similar prohibition on South Africa was proposed during the Senate Banking Committee's consideration of the Exim Bill, but was not formally voted on. Proponents of the prohibition will probably try again on the Senate floor despite the strong possibility of a conservative filibuster.

-- State's position has been to express understanding of the motivations of the prohibition's advocates, but to indicate that the Administration prefers to retain foreign policy flexibility by not having such a prohibition imposed by statute.

#### 5. INTERNATIONAL DEVELOPMENT AND FOOD ASSISTANCE AUTHORIZATION

-- AID reports that Chairman Zablocki is unworried about problems when the bill gets to the House floor (tentatively scheduled for Wednesday). His Committee staff chief, Jack Brady, hopes for a 100 vote margin on final passage (last year's vote margin was 94). Chairman Zablocki feels that the shifting of economic aid for Israel in this bill is a great plus. If an across-the-board 2% cut passes when the Budget Resolution comes back to the floor on Tuesday, it is possible that a similar amendment will be offered on this bill. Republicans (Rep. Trent Lott, Miss.) may also attempt to make cuts in specific programs. There may also be other amendments barring aid to Indochina, Cuba, Mozambique, Angola, the Central African Empire, and India, but we have no definite information.

-- The Senate Subcommittee, chaired by Senator Sparkman, has completed its action on the bill, but has put off for full Committee consideration a number of questions including whether to shift to this economic aid bill, the Security Supporting Assistance account which funds the Middle East, southern Africa, and several smaller security related programs. In most instances, however, the Subcommittee adopted amendments parallel to those adopted in the House Committee. Senator Church got Senator Javits' agreement to put off offering his amendment, similar to the Zablocki amendment on reorganization, until the SFRC has time to carefully consider the full Humphrey proposals and until the Administration makes its own recommendations under the Reorganization Act. Senator Church said that the HIRC amendment "reduces to one paragraph the Humphrey bill" and indicated that the Javits language is "good conference language."

## 6. INTERNATIONAL ECONOMIC ISSUES ROUND-UP

Witteveen Facility: Secretary Blumenthal and his staff continue their intensive efforts to get the bill considered on the Senate floor. Human rights groups have begun their letter-writing campaign and office visits in an effort to get Senate approval of Harkin-type human rights language, to be offered by Abourezk. Treasury advises that Church (whose staff says is not disturbed by the language) and Stevenson, the two likely floor managers, could split on the human rights issue.

EXIM: The Senate Banking Committee has adopted a Stevenson amendment to the EXIM authorization bill which requires the President to make a determination of eligibility based on political factors such as human rights for all countries for which EXIM facilities are to be extended. The Administration opposes this measure. It may come to the Senate floor later this month.

Sugar: During the Senate Finance Committee hearings May 11 on the Church sugar bill, State and USDA will testify that the bill is sharply inflationary and will urge instead speedy approval of the International Sugar Agreement together with implementing legislation which includes authority for the Administration's support program. As we indicated earlier in this memo, the outlook for getting our less inflationary proposals adopted looks dim.

US/UK Tax Treaty: This treaty, which provides significant financial benefits to the U.S., should come before the full Senate in the next 2-3 weeks, depending on Senator Byrd's efforts to get a time agreement and how action on Labor Law reform develops. Several states support a reservation giving states freedom to impose a unitary taxation system on British investors. The State Department opposes such a reservation since it would probably cause the UK to reject the treaty.

Tin: The bill to authorize the contribution of 5,000 tons of tin metal from the U.S. stockpile to the international buffer stock in accordance with the Fifth International Tin Agreement is being considered by several congressional committees. In order to overcome the strong objections of Senator Hart of the Armed Services Committee, State has submitted an amendment to the State Department's authorization bill to appropriate \$60 million to you in order to purchase the tin from the stockpile and make the international contribution. Authorization for this purpose was approved by the HIRC last week, and the SFRC should approve it next week. Prospects for approval of the whole package are still uncertain.

## MISCELLANEOUS

-- Those Senators and House Members on the Western trip with you had one common complaint about your Administration -- too much time and energy spent on foreign affairs. Magnuson was most explicit, saying that no President ever gets elected because of his foreign policy. Instead, domestic matters were far more important to voters.

-- All the California Congressmen who accompanied you were pleased with the Western trip. However, in the Bar Association speech, airline deregulation was mentioned without reference to Rep. Anderson, and lobby reform and the ethics bill without recognizing Danielson who floor managed both. Neither Congressman said anything, but we perhaps missed an opportunity to get closer to those two Members. We will try to review out-of-town speeches in advance from now on to alert you.

-- Commerce advises that Rep. Nix himself was the source for Dave Broder's piece on allegations that the Carter Administration was trying to help Rep. Nix with projects in his district.

-- State has reached agreement with the Panamanians on the major documents for your visit -- the joint communique, the four instruments of ratification, and the protocol of exchange. The implementing legislation is also nearing completion within the Executive Branch, and we must begin to consider the timing of submission to Congress.

-- Senator Nelson is very concerned about an export license problem that the Oshkosh Trucking Corporation in Wisconsin is having with the Departments of Commerce and State. Warren Christopher and Frank Weil decided to withdraw a general export license which allowed the firm to ship to Libya 400 off-the-road vehicles (which could carry tanks). The Senator may want to bring it to your attention next week.

-- Secretary Vance, Ambassador Young and Assistant Secretary Moose will testify before a closed session of the SFRC Africa Subcommittee next Friday. The session will probably be focused on Rhodesia, The Horn, and the Soviet/Cuban presence in Africa.

-- State launched a new congressional information program last week by sending the first three "Foreign Affairs Memoranda" to all Members of the House and Senate.

-- Commerce advises that Senate and House Committees will move quickly on the Energy Impact Assistance program -- the Senate Committee as early as next week. The House Committee may use the legislation as a bargaining chip with the Senate for support of Local Public Works Round II.

-- The Senate Banking Committee has adopted an amendment by Senator Schmitt that would prohibit implementation of HUD's field reorganization on the transfer of multifamily housing functions. Senators Reigle, Morgan, and Stevenson joined the Republicans in supporting the move over the opposition of Proxmire and HUD.

-- DOL advises that the Humphrey/Hawkins bill was voted out of the Senate Human Resources Committee with a sound congressional procedure proposal for voting on the economic goals submitted by you. The bill now goes to the Banking Committee where DOL is working hard to defeat Proxmire's numerical inflation goal amendment.

-- We can anticipate angry calls from Members who will lose train service when DOT announces its preliminary Amtrak route recommendations on Monday.

FLOOR ACTIVITIES, WEEK OF MAY 8

House

Monday — 6 suspensions:

- Be Sure Congress knows  
of our opposition*
- 1) Ombus Territories Authorization. OMB advises that this bill, sponsored by Phil Burton, is about \$75 million or three times what the Administration recommended. Other provisions include the establishment of several new national parks in the territories. The bill, introduced in the House Interior Committee and reported out the same day, probably has a number of Members' pet projects in it. Administration views were not requested. According to OMB, the Administration strongly opposes enactment of the bill until such time as OMB has had an opportunity to adequately review its contents.
  - 2) Refund of Excise Tax on Alcoholic Beverages Destroyed by Vandalism. The Administration opposes this bill because it would discriminate in favor of those who merchandise liquor as opposed to those who have equal dollar inventory in other products which they must insure or bear the cost for loss themselves.
  - 3) Exemption of Certain Trailers from Excise Tax. The Administration opposes the bill because it would discriminate against other taxpayers who must pay excise taxes on vehicles which are used for similar purposes and are of similar weight classes, although of different configuration.
  - 4) Intercoastal Shipping Act Amendments. The Administration opposes the bill which allows some domestic offshore maritime common carriers to establish certain general rate increases or decreases without FMC suspension, and directs the FMC to set rate or return guidelines for such carriers. OMB advises that the trades affected by the bill have limited competition and this bill could be a carte blanche to increased rates.
  - 5) Refund of Excise Tax on Fuels Used by Aerial Applicators for Farming Purposes. According to OMB, the Administration has no objection to the bill.
  - 6) UN Participation in Locating MIA's in Southeast Asia. State and Defense are currently reviewing the provisions of this resolution and an Administration position will be developed shortly.
- SBA Supplemental Appropriations for Disaster Loans. The Administration supports.

Tuesday — 2 suspensions:

- 1) Establishing the Aboriginal Hawaiian Claims Settlement Study Commission. OMB advises that the Administration's position on this Senate resolution, sponsored by Senator Inouye, is currently under development.
- 2) Emergency Interim Consumer Product Safety Rule Act. The bill, sponsored by Rep. Moffett, amends the Consumer Product Safety Act to establish interim rule relating to the standards for flame resistance and corrosiveness of certain insulation. OMB advises that the Committee report is not yet available for analysis.



-- First Budget Resolution (conclude).

Wednesday -- International Development and Food Assistance Authorization.

-- Amend and Extend Ex-Im Bank Authorization.

Thursday -- DOE National Security Authorization (subject to a rule being granted). OMB advises that although the bill authorizes amounts below the budget request, the reduction results primarily from rejection of Administration "full-funding" recommendations -- the bill provides for immediate funding needs rather than total project costs. We have no firm information on possible amendments, but debate on the enhanced radiation weapons could occur with floor consideration of this bill.

-- Flexible and Compressed Work Schedule for Federal Employees. According to OMB, the Administration would prefer that the bill be amended to permit, rather than require, that each Executive agency conduct an experiment with flexible or compressed work schedules under the direction of the Civil Service Commission. In March, OMB was informed that the bill would be amended in this manner.

-- Federal Fire Prevention and Control Act Authorization. The reported bill is not yet available for analysis.

-- Civil Rights for Institutionalized Persons (complete consideration). According to OMB, the Administration strongly opposes the floor amendment added to this bill that strikes coverage for jails, prisons, and other correctional facilities. However, we believe there is no chance that the Congress will authorize the Attorney General to get involved in every state and local correctional facility. There is a negative attitude in the House toward another level of Federal intrusion. Rep. Kastenmeier is the primary sponsor.

#### Senate

-- The Senate is scheduled to consider nominations early in the week (possibly including Lynn Coleman for General Counsel of DOE and Ben Civiletti for Deputy Attorney General. The schedule is uncertain, but the U.S.-UK Tax Treaty could come up if a time agreement is reached.



2376

THE WHITE HOUSE  
WASHINGTON

May 8, 1978

Hamilton Jordan

The attached was returned in  
the President's outbox. It is  
forwarded to you for your  
information.

Rick Hutcheson

LOYD HACKLER'S BIOGRAPHY

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	SCHULTZE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

Prover. Carter

## BIOGRAPHY

### LOYD HACKLER

Born in Cloud Chief, Oklahoma, March 23, 1926.  
Married to Norma Conley Hackler, three children.  
Served in Amphibious Forces WWII in Pacific, retired reserve officer.

Graduate cum laude, 1949, Oklahoma State University.  
Completed degrees in Psychology, Technical Certification, Journalism  
in three years.

Prize-winning writer, reporter, editor of newspapers in Oklahoma, New  
Mexico and Texas for 16 years.

1965 to Washington as Associate Director Information, V.A., assigned to  
White House Advance.

1966-69 Assistant Press Secretary to President Johnson.

1969-71 President of own firm, Management Consultants, Inc., public  
relations, government relations for private concerns, associations. Also  
included coordinating 1970 Democratic Congressional Election Cam-  
paign for Democratic leadership, working closely with Congressional  
leadership and campaign committees, standing committee and sub-  
committee chairmen and staff.

1971-75 Administrative Assistant to Senator Lloyd Bentsen.

1975 to present—President, American Retail Federation.

In his book, **THE INVISIBLE PRIMARY**, political writer Arthur T.  
Handley described Hackler as "a Lyndon Johnson political operative,  
the sort of master politician who gives politics a good name."

Chairman, Alpine Publications.  
Advisory Board, United National Bank, Dallas.  
Director, Clifton Corp., Texas.

Owns and operates a cattle farm, Kearneysville, West Virginia.

4/26/78  
This is the guy  
I wanted to check on  
I plan to talk with him  
soon and I want you to  
get to know him  
CK.

Ham  
info  
J

THE WHITE HOUSE  
WASHINGTON

May 8, 1978

The Vice President  
Stu Eizenstat  
Hamilton Jordan  
Tim Kraft  
Bob Lipshutz  
Frank Moore  
Jody Powell  
Jack Watson  
Anne Wexler  
Hugh Carter

Re: Cabinet Summaries

The attached were returned in the  
President's outbox today and are  
forwarded to you for your personal  
information.

Rick Hutcheson

EYES ONLY -- NO COPIES

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/	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

THE WHITE HOUSE  
WASHINGTON  
May 8, 1978

Secretary Adams

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson



THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

Brock  
J

May 5, 1978

MEMORANDUM FOR THE PRESIDENT

ATTENTION: Rick Hutcheson, Staff Secretary

FROM: Brock Adams

SUBJECT: Significant Issues Pending at the Department of  
Transportation

Highway/Transit Legislation - The Senate Banking Committee has finished mark-up of the transit portion of the Administration's Highway/Transit Bill (S. 2441). Although we were successful in reducing the Senate's funding proposals by \$300 million, the Senate legislation still contains expenditures significantly higher (\$800 million-\$1 billion) than the Administration's proposed levels. In the highway portion of the bill the Senate funding levels are within \$350 million of the Administration's position and the Committee has incorporated most of our requested structural changes.

On the House side, the Public Works' Subcommittee mark-up was more difficult and complicated due to Jim Howard's serious heart attack. I am continuing to work with Chairman Bizz Johnson, Acting Subcommittee Chairman Bob Roe and the Subcommittee Members to obtain structural improvements in the bill. We will have to fight the high funding levels in the Howard bill in the full Committee, on the House floor, and in Conference. ~~Attached~~ are copies of my letters to the House Subcommittee and Senate Committee Members stressing that you would veto legislation with the high funding levels currently in the House and Senate versions. As a next step, I intend to speak out against "pork barrel" legislation.

Lock & Dam 26 - Waterway User Charges - On Wednesday the Senate defeated the Administration's Waterway User Fee legislation by a vote of 47 to 43 and passed a much weaker version proposed by Senator Long, despite a major effort by this Department and the White House.

We must hold firm on our veto threat against Long's bill based on the fact it now contains \$2 billion in "pork barrel"

projects and it destroys the principal of reasonable Federal cost recovery through user fees.

Transportation of Hazardous Cargo by Rail - On Tuesday, May 9, I plan to announce an accelerated schedule for the retrofit of tank cars which carry liquified petroleum gas (LPG) and anhydrous ammonia. This will involve installation of shelf couplers, head shields and thermal insulation. My announcement will be made in a speech to the Manufacturing Chemists Association in Washington, D. C. The new schedule will shorten the time for the addition of safety improvements substantially, ranging from a decrease of six months for shelf couplers, to two years for head shields. There is likely to be some adverse reaction from tank car owners. Nevertheless, I consider this step mandatory, in view of the alarming trend in hazardous materials accidents on the railroads in recent months.





DEPARTMENT OF AGRICULTURE  
OFFICE OF THE SECRETARY  
WASHINGTON, D. C. 20250

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May 5, 1978

MEMORANDUM TO THE PRESIDENT

THROUGH Rick Hutcheson  
Staff Secretary

SUBJECT: Weekly Report

TRAVEL. The Secretary leaves Sunday (May 7) to meet with trade and agriculture officials in the Soviet Union (May 9-16), Poland (May 18-20), Hungary (May 20-23) and Romania (May 23-25). He will also attend Constitution Day ceremonies in Norway (May 17) and open a new U.S. trade center in London (May 25). He is due to return May 26.

PESTS. All requests to use herbicides in National Forests will be reviewed by the Assistant Secretary for final decision.

INCOME. USDA estimates 1977 net farm income will be up \$3 to \$4 billion (\$24 billion).

YCC. A total of 47,800 summer jobs will be available through the Youth Conservation Corps this year. Approximately one-third employed by each of the Departments of Agriculture and Interior and one-third by the states.

A handwritten signature in cursive script, reading "M. Rupert Cutler".

M. RUPERT CUTLER  
Acting Secretary



Office of the Attorney General  
Washington, D. C. 20530

C

Principal Activities of the Department of  
Justice for the Week of May 1 through 5

1. Meetings and Events

The Attorney General spoke to the Georgia Chamber of Commerce Annual Congressional dinner; met with attorneys from the American College of Trial Lawyers to discuss proposed class action legislation and other access to justice legislation; and delivered a Law Day address at Mercer University Law School.

2. Gun Control

The Attorney General met with top Department officials to discuss an approach to achieving gun control legislation.

3. Civil Service Reform

The Attorney General had a breakfast meeting with Congressman Harris to discuss the Civil Service Reform legislation.

4. Compensation for Victims of Crime

The Senate Judiciary Subcommittee on Criminal Laws and Procedures has reported to the full committee, with our support, legislation designed to encourage the states to enact legislation setting up programs for compensation for personal injury of victims of crime.

5. Court Reform Measures

We are closely monitoring the Conference Committee consideration of the judgeship bill, which is embroiled in discussion of the proposed split of the Fifth Circuit. The Department also testified this week in support of the several court reform measures including the Department's witness and marshal fees bills. We anticipate speedy enactment of the measures.

EXECUTIVE OFFICE OF THE PRESIDENT  
COUNCIL ON ENVIRONMENTAL QUALITY  
722 JACKSON PLACE, N. W.  
WASHINGTON, D. C. 20006

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May 5, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Charles Warren *Charles*  
Gus Speth

SUBJECT: Weekly Status Report

Council Membership: This week we met for several hours with Jane Yarn and discussed Council activities and responsibilities she might assume when she is confirmed as a member. Having worked with Jane in the campaign it will be pleasant to have the opportunity to be associated with her again. Until it is appropriate for her to join us we will keep her posted on Council affairs.

Sun Day: Today, at our regular luncheon with environmental leaders, all expressed appreciation and enthusiastic support for the solar initiatives you announced in Colorado.

Lake Tahoe: Last weekend we met with the personal representatives of the governors of California and Nevada to resolve conflicts concerning Lake Tahoe governance and development. We were able to reach a tentative agreement which we believe will assure not only maintenance but enhancement of the environment of the lake and basin. We are keeping Jack Watson informed of details and progress.



THE SECRETARY OF THE TREASURY  
WASHINGTON 20220

May 5, 1978

MEMORANDUM FOR THE PRESIDENT

Subject: Highlights of Treasury Activities

1. Civil Service Reform

I am sending a memorandum to all employees and will soon meet with top Treasury staff to give an overview of the reform proposals and indicate my strong support for the plan. In canvassing Ways and Means Committee members on the tax program, I am also stressing the importance of Civil Service Reform.

2. Tax Reform

I will brief you early next week on developments in the Ways and Means Committee.

3. New York City

Our loan guarantee legislation passed the House Banking Committee on Wednesday by 32-8. We had been confident of winning, but not by such a large margin.

To capitalize on this momentum, I have been visiting members of the Senate Banking Committee since the House vote. This Committee is much less enthusiastic over our proposal, and Chairman Proxmire has been resisting holding hearings--until the City's labor impasse is resolved. I saw Proxmire today to try to change his mind. I have also scheduled a meeting for 9:30 a.m. on Wednesday in New York City with all the local groups.

4. Energy

I think we need better coordination on energy policy between DOE, OMB, DPS, CEA, and Treasury. Unless we have a coordinated negotiating strategy, the energy tax bill may end up losing a great deal of revenue (compared to our January budget forecasts), chiefly through enactment of wasteful tax credits. For instance: DOE has asked you by

memorandum to endorse a slimmed-down shale oil credit. Treasury (which was not consulted on this memorandum) is concerned that such piecemeal decision-making will make impossible an overall negotiating strategy in the Tax Conference.

5. The Dollar

Over the week the dollar depreciated slightly, especially following release on Thursday of the April wholesale price index showing a 1.3 percent increase.

The relative exchange market tranquility of the past few weeks is being threatened by an ugly black cloud in the form of our balance of payments outlook. I will brief you on this separately.

6. Final Regulations: Treasury Tax and Loan Investment Program

On May 2 Treasury issued final rules implementing the new law permitting Treasury to earn interest on its operating cash balances and to pay fees for certain banking services.

7. Cabinet Meeting

I am fulfilling a long scheduled speaking engagement on Monday morning before the Financial Analysts Federation in Florida. Bob Carswell will attend the Cabinet meeting.

8. Steel Trigger Price Revisions

Early next week we will be announcing an upward revision of trigger prices, effective July 1, 1978, to reflect increases in the costs of production for the Japanese steel industry and appreciation of the exchange value of the yen.



W. Michael Blumenthal



THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, D. C. 20410  
May 5, 1978

MEMORANDUM FOR: The President  
Attention: Rick Hutcheson, Staff Secretary

SUBJECT: Weekly Report of Major Departmental Activities

HUD Observes Sun Day. An exhibit on residential uses of solar energy highlighted HUD's observation of Sun Day. Large lunch-hour crowds touring the exhibit received information prepared by HUD on steps which can be taken to make homes more energy efficient. HUD has also entered into an interagency program to explore the possibility of having solar heating installed by CETA workers. Over 11,000 information kits on HUD's solar heating demonstration program were distributed to the nation's media.

HUD Adds \$2 Billion to FNMA's Borrowing Authorization. Responding to a jump in the short-term interest rates caused by recent Federal Reserve action, HUD honored its commitment to the Federal National Mortgage Association to increase the borrowing authorization as the need arises. In my letter to President Hunter, I noted that the additional authorization will enable FNMA to accept a larger-than-normal percentage of offers received in upcoming auctions so as to minimize the increases in average yield over those of previous auctions. HUD's action raised to \$42.2 billion the amount of funds which FNMA may borrow for purchase of mortgages from private lenders.

Temporary Housing Mission Nears Completion. As of the end of April, 4,933 families had been provided temporary housing assistance as a result of flooding in Massachusetts, California, Arizona, Nebraska, Indiana, North Dakota and Minnesota. It is estimated that, on the basis of those making applications for assistance in Presidentially-declared disaster areas, the temporary housing mission is 87.7 percent complete.

Property Improvement and Mobile Home Loan Guarantees Show Steady Growth. Property improvement loan insurance showed a 12 percent growth between April, 1977 and April, 1978 while there was a 31 percent increase in mobile home loan guarantees during the same period. A total of 20,334 property improvement loans were insured during April, 1978 for a total mortgage amount of \$80,322,742 and 1,543 mobile home loan guarantees were made for a total mortgage amount of \$20,787,840 during April, 1978.

New Program Linking Two Separate HUD Loan Insurance Plans Receives First Application. Atlantic City, New Jersey, became the first city in the nation to seek loan guarantee assistance to purchase land for the construction of assisted housing. The city has asked HUD to guarantee \$2,800,000 in loans for real property acquisition under the Housing and Community Development Act of 1974 (Section 108) and plans to construct 450 units of assisted housing under the lower income rental assistance (Section 8) program.

*Jan Janis for*  
Patricia Roberts Harris



"FYI"

THE UNDER SECRETARY OF COMMERCE  
Washington, D.C. 20230

May 5, 1978

REPORT TO THE PRESIDENT

Oshkosh Truck Company of Wisconsin has contracted to sell 400 trucks (total value \$60 million) to Libya. It is understood that the trucks will be used to transport tanks by the Libyan Army. State has asked us to block the sale for a number of sensitive foreign policy reasons: enhancement of Libyan military capabilities; Libya's support of terrorism; fear on the part of Libya's neighbors. Senators Javits, Ribicoff, Riegle and others have expressed opposition to the sale for the same basic reasons. The Wisconsin delegation (i.e., Senators Proxmire and Nelson) has pushed for approval claiming that the company was encouraged in February 1978 to believe that the sale could be made and that it proceeded with costly commitments based on its reliance on our advice. It is unfair and unreasonable, they argue, "to change the rules" at this time. They further cite probable economic harm to the company, lost jobs, and the inability to prevent another country from supplying the same type of trucks. Oshkosh has been told that, barring intervening factors (i.e., your personal involvement), the sale will be formally disapproved Monday. The company asserts that it was misled by the government, that contract cancellation may well force it into bankruptcy and, therefore, regardless of general policy, an exception should be made. State and Commerce agree that we are not absolutely blameless but that the company has not made a persuasive case of serious financial injury and that the equities do not warrant an exception.

As part of a coordinated Treasury initiative, this week Secretary Kreps sent letters to every member of the Senate urging early ratification of the U.S.-U.K. Tax Treaty, without reservation. With each letter was a paper providing the reasons for ratification, in particular the rationale for limiting the use of the unitary apportionment method by States in calculating the income of U.K.-owned subsidiaries operating within their borders.

While you were announcing the Administration's Energy Impact Assistance program in Denver, Secretary Kreps made a similar announcement on Capitol Hill. Appearing with her were the chairpersons of the committees which will have jurisdiction over this legislation and other Members of Congress especially interested in this program. The announcement received wide media coverage and committee members pledged bipartisan support to work closely with the Administration in developing appropriate legislation.

Approximately 140 Congressional legislative assistants involved in minority affairs were briefed this week on our Departmental minority efforts; the briefing was well received and should help assure that Congress is kept properly aware of our considerable efforts in this area.

  
Sidney Harman  
Acting Secretary



# WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
Cabinet Summaries	Andrew Young to Pres. Carter, 1 pg., re:UN activity	5/4/78	A

## FILE LOCATION

Carter Presidential Papers-Staff Offices, Office of Staff Sec.-Presidential  
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U. S. DEPARTMENT OF LABOR  
OFFICE OF THE SECRETARY  
WASHINGTON

May 5, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: SECRETARY OF LABOR, Ray Marshall <sup>RM</sup>

SUBJECT: Major Departmental Activities, April 29-May 5

Efforts on civil service reform. We have taken a number of steps within the Department of Labor to explain the civil service reform package to our employees. For example, a meeting of all Departmental supergrades was held in which Civil Service Commission member Jule Sugarman explained the package. We are also widely using Departmental publications to explain the proposals. I stressed civil service reform in a speech to the editors of labor publications on Thursday. I have also been continuing my contacts with Members of Congress on the subject. I may be late for Monday's Cabinet meeting because Representative Gladys Spellman will be holding hearings on civil service reform within the Labor Department that morning and it may be advisable for me to make a brief appearance there.

Unemployment rate drops to lowest level since late 1974. The unemployment rate dropped 0.2 percent in April to 6.0 percent. Even more significant were the declines for a number of key groups. Black unemployment went down 0.6 percent to 11.8 percent. Black teenage unemployment is 35.3 percent--a decline of 3.7 percent. Unemployment in construction industry plunged 1.8 percent to 9.5 percent--a four-year low. The unemployment rate for male Vietnam-era veterans is 4.5 percent; this is two percent less than a rate for their male non-veteran counterparts. A year ago, the unemployment rate for Vietnam-era veterans was 7.6 percent, while non-veterans were at 7.5 percent.

Plans for next Wednesday's anti-inflation meeting with labor leaders. I have been working closely with Bob Strauss to plan this upcoming anti-inflation meeting. We will be sending you a memo shortly outlining what we have done and the issues that can profitably be explored with the labor leaders.

Developing plans for Senate fight over labor law reform. I have been working closely with the White House to develop a strategy for labor law reform. One piece of this will be a public relations plan which I will be discussing with members of your staff.



THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE  
WASHINGTON, D. C. 20201

C

May 5, 1978

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Weekly Report on HEW Activities

The following is my weekly report on significant activities in the Department of Health, Education, and Welfare:

- Appropriations: We had anticipated that the House could add as much as \$3.6 billion to the HEW budget. Yesterday, the Labor-HEW Subcommittee voted \$642 million in add-ons (\$885 million if savings in uncontrollables are not included). Though still a relatively large figure, we were able to hold the line on your budget figures for impact aid, architectural barriers, and education for the handicapped, in the face of pressure from outside groups. I believe this is primarily the result of hard work on the part of my staff, and my personal meetings with Congressman Obey, Natcher, and Flood, and with the full Subcommittee, including Committee Chairman Mahon.
- Hospital Cost Containment: We have reopened negotiations with the AFL-CIO on full support of a hospital cost containment measure which would give unions better protection on wage pass-throughs. If we reach a tentative agreement, the AFL-CIO Executive Council will vote Tuesday on ratification just before your Wednesday meeting with George Meany.
- Tuition Tax Credit: This morning's news reports on the tax credit votes were somewhat misleading. The key vote was not on the Coughlin Amendment (227-136), but on the Luken Amendment (199-173), which covers elementary, secondary, and higher education.

These votes on the budget resolution are difficult to interpret. Many members use the budget resolution to cast "throw-away" votes that serve their particular purposes. I believe the vote indicates that we still have a good chance to win on an elementary and secondary tuition tax credit bill. But we must keep the pressure on.

I will be back from my European trip late Wednesday, May 10.

for *Joe Califano*  
Joseph A. Califano, Jr.

THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

May 6, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze <sup>CLS</sup>  
SUBJECT: CEA Weekly Report

Aside from continuing activities and a few non-routine ones (such as tracking down how a single gold-and-spinel ring could add 0.3 percent to the finished goods price index), we have had two major concerns this week:

Humphrey-Hawkins. My staff worked closely with the Department of Labor and with Senator Nelson's staff prior to the passage by the Senate Human Resources Committee of a relatively clean Humphrey-Hawkins bill. The bill, which will come up for floor action within a month or so, is essentially the same as the Administration's bill. Language inserted in the House that requires you to set an inflation goal, but does not specify a numerical goal, was included in the Senate bill. Before going to the floor, Senator Proxmire's Banking Committee will mark up a similar version of the bill. Senator Proxmire is expected to try to include in the bill an inflation goal of 3 percent in 1983. Ray Marshall and I will testify before the Banking Committee next week. When asked, I will continue to argue that a specific inflation goal in the legislation itself is inappropriate and undesirable.

Economic Forecast. CEA's forecasting staff has been working all week to prepare materials for your Fiscal 1980 budget overview on May 16. We currently plan to present you with three scenarios: a base forecast plus one forecast that assumes success on the inflation front that permits easier money, and one forecast that assumes an acceleration of inflation and tighter monetary policies. I am sending you a separate note on some disturbing implications of our work to date.

THE SPECIAL REPRESENTATIVE FOR  
TRADE NEGOTIATIONS  
WASHINGTON

May 5, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Ambassador Robert S. Strauss

SUBJECT: Weekly Summary

After our defeating the override attempt in the Ways and Means Committee on the fastener case, Vanik advised me that he was going to request a "motion to reconsider" before the Committee on the grounds that he would like to refer the matter back to the ITC for additional study. This would cause it to come back before us next year and save face for him as well as avoid a floor fight before the full House. He asked me to join him in support of the motion. Ullman had agreed not to object to whatever the Committee decided to do. After checking with Stu, Frank, and several of the agencies that were available, we concluded it would be wise for me to take the same position as Ullman for a number of reasons including the very real possibility of losing the floor fight. Accordingly, the action was taken. I so advised Vanik and the Committee voted as he requested. I did cover our position with most of the members of the Committee who had stayed with us.

Alan Wolff is visiting Brazil and Mexico this next week in order to bring them along in the Multilateral Trade Negotiations. To date, they have been generally better at articulating demands than at sitting down to negotiate trade concessions and assume some broader obligation in the trade field.

The inflation task is consuming and not very rewarding. I do believe we will be successful in getting a substantial number of leading business firms to endorse the effort to conform. I had my second meeting with Messrs. Meany and Kirkland yesterday -- this one very blunt with little or no progress. Hopefully, by the time of the meeting next week, we will have worn them down a bit.

You will be pleased to know that Bosworth, Schultze, and I are in daily contact, usually in the morning and again in the late evening. Our ability to work together, which is evident, is constructive and encouraging. There is little else to be encouraged about in dealing with this problem, but there's always tomorrow.



U.S. SMALL BUSINESS ADMINISTRATION  
WASHINGTON, D.C. 20416

OFFICE OF THE ADMINISTRATOR

MEMORANDUM FOR:

THE PRESIDENT  
THE WHITE HOUSE

SBA UNDER FIRE REGARDING DOUBLING OF MINORITY CONTRACTS: SBA is being severely criticized by the small business community regarding the order doubling the number of Federal contracts routed to minority-owned firms. Unfortunately, for the most part, the contracts being awarded are not being taken from large businesses, but rather from other small businesses. The Department of Defense appears to be pulling food service, security, and maintenance contracts out of competitive small business bidding, and awarding the contracts to minority firms, basically through SBA's 8(a) program.

SBA SIGNS CONTRACT WITH WOMEN'S ECONOMIC DEVELOPMENT CORPORATION: This week SBA will sign a contract with the American Women's Economic Development Corporation of New York City for specialty entrepreneurial training for women business owners. The Department of Commerce previously provided pilot financing for such efforts, and now the two agencies will be cooperating in expanding and extending the program. We expect the AWEDC to provide material and ideas SBA can introduce into its regular Management Assistance program.

SMALL BUSINESS WEEK A SUCCESS: A good time was had by all. Small business persons were honored to meet the President, and the reception on the Hill had the largest Member turnout ever.

*A. Vernon Weaver*

A. Vernon Weaver  
Administrator





VETERANS ADMINISTRATION  
OFFICE OF THE ADMINISTRATOR OF VETERANS AFFAIRS  
WASHINGTON, D.C. 20420  
May 5, 1978

TO : The President  
THRU: Rick Hutcheson, Staff Secretary  
FROM: Administrator of Veterans Affairs

*Max Bell*

VA Presidential Update

"Anti-Veteran" Administration - Recently published comment by leaders of the "Big Four" veteran organizations include:

"When I took the oath of office last August, I stated the Carter Administration was the most anti-veteran in the history of our nation. Events of the past eight months have contributed overwhelmingly in support of that statement. The social welfare planners and anti-veteran forces have joined in an all-out effort to eliminate veterans' benefits as we know them. Closing of 3,132 hospital beds is equivalent to closing six 500 bed hospitals. VA intends to cut another 2,500 beds in fiscal 1980, equalling five more 500 bed hospitals." (VFW Commander)

"It becomes increasingly clear the struggle to preserve the veterans benefits program will be won or lost in the contest over veterans medical care. We believe we see an alarming lack of commitment to medical care for veterans. We have identified shortfalls of \$426 million in the VA budget. Make no mistake, we could lose our hospitals. The Legion today finds itself embattled on many fronts in defense of veterans programs. We are not strangers to struggle. With courage and determination, WE SHALL WIN." (American Legion Commander)

"If ever there was a time when all members should act in unison to protect the VA medical system from sweeping, insensitive budget slashes, that time is right now. If we don't take immediate action, we can be assured the Administration and OMB will further encroach on the scope and quality of VA health care. The reduction of 3,132 VA hospital beds amounts to eliminating six 500 bed hospitals. The Administration is already discussing a cutback of an additional 2,100 beds in Fiscal 1980. I can only view the cutbacks as part of a master plan to destroy the VA health care system as a separate entity." (DAV Commander)

"We especially emphasize our strong recommendation to restore the \$400 million cut in the VA medical budget. The imminent loss of 3,100 hospital beds is appalling and uncalled for. The loss of research programs at 53 hospitals would seriously compromise the excellent research program which earned Nobel Prizes for two distinguished VA scientists." (AMVETS Commander)

**Community Services Administration** WASHINGTON, D.C. 20506



MEMORANDUM TO THE PRESIDENT

MAY 5, 1978

Attention: Rick Hutcheson, Staff Secretary

FROM: Graciela (Grace) Olivarez *go*  
Director

SUBJECT: Weekly Report of Significant Agency Activities  
(April 30 - May 6)

Emergency Energy Assistance Program

The Senate Appropriations Committee has approved CSA's request to extend the deadline for obligation of emergency energy funds from May 1 to May 20. Of the \$200 million appropriated March 7, \$99 million has been obligated by CSA grantees to assist eligible households. Six additional states recently were declared eligible for these emergency funds. They are: North Dakota, Montana, Georgia, North Carolina, South Carolina, and Puerto Rico. In addition, emergencies have been declared in certain counties of Colorado, Florida, and Nevada.

Mexican-American Investment Corporation

The San Antonio business community and CSA have jointly funded a Mexican-American investment corporation in San Antonio. The corporation, which is estimated to have a leveraging potential of more than \$5 million, received \$400,000 from San Antonio businesses and banks and \$650,000 from CSA.

Sun Day Celebration

CSA celebrated with speeches, pantomimes, sidewalk displays, films, and exhibits, which included solar heating panels made by the Community Action Agency of Lancaster, Pennsylvania.



THE WHITE HOUSE  
WASHINGTON

May 8, 1978

Zbig Brzezinski

The attached was returned in the President's outbox today and is forwarded to you for your information and appropriate handling. Please forward a copy of the attached to Secretary Brown.

Rick Hutcheson

cc: The Vice President  
Hamilton Jordan  
Phil Wise

CONFIDENTIAL ATTACHMENT

~~CONFIDENTIAL~~

THE SECRETARY OF DEFENSE  
WASHINGTON, D. C. 20301

5 MAY 1978

*Harold*  
*I*  
*OK -*  
*agree*  
*J*

MEMORANDUM FOR THE PRESIDENT

A number of events this week suggest that public attitudes toward our defense situation, as well as our foreign policy, are changing. It also seems to me that these issues may play a larger part than usual in an off-year Congressional election, although I continue to believe that domestic economic issues, particularly inflation, will be the most important.

Three votes on the budget resolution in the House on Wednesday are worth considering. A proposal to shift \$4.8B from Defense to other purposes lost by more than 3 to 1 (313-98). A proposal to add \$2.4B to the budget, earmarked for Defense, lost by slightly under 2 to 1 (262-142). Most significant, Congresswoman Holt's proposal to cut all the budget except Defense by 2% came within 6 votes of carrying (202-197). These votes are consistent with my conclusion that (1) because of inflation there is an overriding concern in the House about the size of the budget deficit, and therefore a reluctance to add to the overall budget; (2) there is greater support than ever in recent years for shifting more expenditures within the budget total toward Defense.

I note also that Joe Kraft in his column yesterday said that although he has long supported detente, he now is deeply concerned about Soviet military and political gains. Such a change of position is consistent with the Congressional indications. Both suggest to me that while public sentiment will still support your decisions about the level of the Defense budget over a substantial range around our level, there is now much less leeway on the down side of that level than there was a year ago.

A group of Republican Senators, after an Easton, Maryland conference, has issued a lengthy "Declaration" critical of Administration national security and foreign policy. They announced that all thirty-eight of the Senate Republicans support it, though several have not yet signed it. This looks to me like an opening gun of a major campaign. I have said to Zbig that (whether we use it now or pieces of it later) he, Cy, and I need to put together for our use and yours a response to the major points raised.

~~CONFIDENTIAL~~

- 2 -

I also see a confluence of questioning and some loss of confidence among our allies which compounds and feeds back into the domestic concern about these issues.

I report these attitudes rather than analyzing their causes or suggesting detailed solutions at this point. We have had successes -- the Panama Canal Treaties, the B-1 decision, the beginning of programs to revitalize NATO -- and are likely to have more. I believe that most of our foreign policy and defense decisions, taken singly, have been correct and that all have been justifiable. Taken together, however, they have been distorted by some into signals of a weakening in our strength and resolve.

Part of the problem is, as we have all noted before, that the public and the Congress do not have a clear picture what we consider the relative proportions of the competitive and cooperative aspects of our relations with the Soviet Union, or of precisely where we propose to cooperate and where to compete. We should, and I will, place more emphasis on the new things we are doing in the defense area, to counter the charges that we merely kill programs. I urge that we try to present a uniform policy along the lines of your Wake Forest speech, and that our actions on foreign policy issues as well as on Defense program and budget issues be as consistent with that approach as we can make them. Visits by you to U.S. forces in Germany, and to Ft. Bragg or to Ft. Hood and Nellis Air Force Base, which I am proposing in detail in a separate memo, can reinforce this approach.

I believe it would be extremely useful for us to talk about these observations, which I take very seriously, along with Zbig, Cy, Ham Jordan, Frank Moore, or anyone else you think should be present.

*Harold Brown*

~~CONFIDENTIAL~~

THE WHITE HOUSE  
WASHINGTON  
May 8, 1978

The Vice President  
Zbig Brzezinski  
Hamilton Jordan

The attached was returned in  
the President's outbox. It is  
forwarded to you for your  
information.

Rick Hutcheson

DEFENSE WEEKLY SUMMARY

~~SECRET~~ ATTACHMENT

~~SECRET~~



THE SECRETARY OF DEFENSE  
WASHINGTON, D. C. 20301

May 5, 1978

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Significant Actions, Secretary and Deputy Secretary of Defense  
(April 29 - May 5, 1978)

Civil Service Reform: I have been continuing to work for the Civil Service reform package, and plan to lunch with Scotty Campbell soon on this subject. My conversations with Members convince me that we risk losing support, particularly among conservatives, if further concessions are made to the federal employee unions. For example, Congressman Treen (R.La.) wrote me: "When you telephoned me Tuesday afternoon.... I responded favorably.... Since our conversation, it has been revealed that the President has apparently agreed to certain changes in the proposed legislation to accommodate the demands and/or wishes of certain government employee union leaders... Because of this new development, I want you to know that I cannot be counted on... ." Full text of the letter is ~~attached.~~

Senate Markup: I understand that the Senate Armed Services Committee has added a nuclear carrier (but not a nuclear cruiser), plus (tentatively) a package pushed by Gary Hart; \$700M for an LHA; \$45M to convert an LPH helicopter carrier to a VSS to carry Harrier aircraft; some more Harriers; and design money for another VSS. Confronted with the problem that, even with a postponement of the FY 1979 Trident submarine, this adds about \$2 billion to FY 1979 ship construction, they have postponed their final action to next Monday. They also: fully authorized the cruise missile carrier funds we asked for; cut substantially procurement of M-60 tanks; and will not include the objectionable Stratton amendment on Korea which the House Committee adopted. Chairman Stennis is trying to hold a reasonable figure, but is under heavy pressure for more add-ons.

House Actions: Floor consideration of the Defense authorization bill in the House is expected late in the month. Some members will offer an amendment to move the CVV which we programmed for FY 80 up to FY 79 as a substitute for the CVN which the committee added. That result would save \$1B over the CVN, and I think there is a chance it might succeed; in line with our earlier conversation, I have told Stennis and Aspin that the Administration would support such a substitution. Les Aspin says that to have an even chance of making such a substitution will take active support from George Mahon and Jim Wright as well as from you and me. I plan to appear Thursday before George Mahon's Appropriations Subcommittee to try to help him moderate the pressure for add-ons there. Jim Wright has something to gain politically (in fighting off Phil Burton) from supporting a CVV instead of a CVN; it would help him with the liberal Democrats.

Sec Def

Classified by \_\_\_\_\_  
SUBJECT TO GENERAL DECLASSIFICATION SCHEDULE OF  
EXECUTIVE ORDER 11652. AUTOMATICALLY DOWNGRADED  
AT TWO YEAR INTERVALS. DECLASSIFIED ON 31Dec00

~~SECRET~~

May 5/31/80  
SEC DEF CONTR No. X-1329

~~SECRET~~

2

Foreign Relations Testimony: I spent each of the first three days of this week, along with Dave Jones and Cy or Warren Christopher, before the Senate Foreign Relations Committee in support of our policies on Korea, Turkey, and Middle East arms sales. All three issues are difficult ones in the Congress. But I believe that the hearings went well (in the sense that we presented the case forcefully and made no serious errors); with persistence we may be able to achieve a satisfactory resolution of all three. Next Tuesday Cy, I, and Jim Holloway will appear before the HIRC on the Middle East sales; Clem Zablocki deserves a great deal of credit for already having gotten the Korean arms transfers and the lifting of the Turkish embargo through that committee.

Counter-Terrorist Exercise: As Zbig may have mentioned, he, Charles, Brock Adams, and Stan Turner were impressed by the counter-terrorist exercise they observed Sunday evening at Fort Bragg. The existing Special Forces group, though it does not have counter-terrorism as its only duty and is being supplemented by a smaller force that does, has achieved a high degree of competence in a very short time. Some jurisdictional questions on counter-terrorism responsibility need to be arranged, in my judgment, beforehand. Charles and I will work with Zbig, Griffin Bell, Brock Adams and others to that end.

NATO Long Term Defense Plan: Canada at the last minute proposed a six-month delay in the LTDP which would have gutted both it and the Summit. Fortunately, we were able to react promptly at various levels; most Allies now seem to be with us. Your message to Trudeau should be all that is necessary to keep the Canadians from pressing it further.

Meeting with JCS: I am sending you a separate memo on subjects that may arise at lunch with the JCS on Wednesday.

Attitudes toward Defense Issues: I also have sent you a separate memorandum about how, based on recent evidence, I see public and Congressional attitudes toward Defense issues evolving.

China: I have pronounced views on this subject, which I think you should hear along with Cy's and Zbig's before you give Zbig his instructions prior to his trip.

*Harold Brown*

~~Attachment~~

~~SECRET~~



THE PRESIDENT HAS SEEN.

THE WHITE HOUSE  
WASHINGTON

May 6, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Jack Watson *Jack*  
SUBJECT: PROPOSED AGENDA FOR CABINET  
MEETING - Monday, May 8, 1978

- (1) Welcome the Vice President home from his trip to the Far East and ask him to comment briefly on it.
- (2) Comment on your Western trip. I am sure the Cabinet would be extremely interested in your reactions to what you saw and heard on the trip. You might also mention the Denver Air Quality Initiative and express your pleasure with the Federal Regional Council's "packaging" of that program.

- You might also ask Cece Andrus and Bob Bergland for their comments and reactions regarding the trip.
- You might want to note that Bob Hall, Larry Simons and Alex Mercure joined you in Portland for your breakfast meeting with City and County officials from the four-state region. As you know, they stayed on after you left to discuss matters in more detail on your behalf. The reports that have come to me about that meeting have been excellent.

(3) Urban Policy

Earlier this week Anne Wexler and I sent separate memoranda to the Cabinet concerning the urban policy.

- Anne's memorandum addressed the need to ensure a well-coordinated effort to move the urban policy legislation through Congress. Anne plans to hold bi-weekly meetings beginning on Thursday, May 11

with the lead Congressional liaison people from all of the departments and agencies that have some legislative piece of the urban package. Anne's effort is being closely coordinated with Stu, Frank and me and, in fact, the memorandum outlining the approach went out from all four of us.

- I sent a separate memorandum to the Cabinet Secretaries and to the key program administrators in their departments calling a meeting on May 15 to discuss the role of the Interagency Coordinating Council, its immediate priorities, appropriate methods of functioning and other related matters.

You might want to emphasize the importance of these two efforts and ask the Cabinet members for their full support.

(4) Cabinet Follow-Up on Anti-Inflation

Since my memorandum to the Cabinet asking them to identify specific ways their respective departments could re-enforce your anti-inflation efforts, COWPS and CEA, in close cooperation with Bob Strauss, have moved to set up three interagency task forces in the areas of housing, transportation and health. A Cabinet member will take the lead in each task force (Pat Harris in housing, Brock in transportation and Joe Califano in health). The purpose of those task forces will be to analyze how the government's efforts in these respective areas impact on inflation and what can be done to alleviate those impacts. Each task force will develop recommendations which will be presented to the EPG. Barry Bosworth plans to circulate a memorandum to all COWPS' members explaining how they can participate in the task forces.

You might ask Charlie Schultze to summarize this effort and underscore its importance.

(5) Energy Policy

Mike Blumenthal suggested in his weekly report that there needs to be better coordination on energy policy between DOE, OMB, DPS, CEA and Treasury. He fears



that, unless we develop a well-coordinated negotiating strategy, the energy tax bill will end up losing a great deal of revenue, chiefly through enactment of wasteful tax credits.

You might raise this problem and spend some time discussing it; because of the amounts of money involved, it is an extremely important matter.

(6) Balance of Payments

Mike also mentioned that the relative tranquility in the exchange market is being threatened by an "ugly black cloud in the form of our balance of payments outlook." Although Mike will not be at the Cabinet meeting, you might ask Ray Carswell, Strauss and Schultze to comment on this problem.

(7) Status Report on Key Legislative Proposals

- Tax reform;
- Energy;
- Civil Service Reform;
- Labor Law Reform.

(8) Mideast Arms Sale Package.

Attached are the Weekly Cabinet Summaries for the week ending May 6, 1978.

cc: The Vice President



THE SECRETARY OF TRANSPORTATION

WASHINGTON, D.C. 20590

May 1, 1978

Honorable William Proxmire  
United States Senate  
Washington, D. C. 20510



Dear Senator Proxmire:

This is to confirm our telephone conversation today in which we discussed the efforts that have been made in the full Senate Banking Committee to substantially raise the funding levels in S. 2441 over the amounts recommended by the Administration.

The President and I feel very strongly that the funding levels should not be increased, and I particularly would oppose the amendment offered by Senator Brooke today that would substantially raise the amount of subsidy in the bill by basing subsidies on the deficit of the systems involved. We calculate that this amendment would increase the operating deficit subsidy by over \$890 million in the next four years.

The program which we have recommended in the proposals presently pending and S. 208 as passed by the Senate were both substantially below this level. I do not believe the President would approve a bill that included add-ons of this amount.

Very truly yours,

  
Brock Adams



THE SECRETARY OF TRANSPORTATION

WASHINGTON, D.C. 20590

APR 28 1978

Honorable James J. Howard  
Chairman, Subcommittee on  
Surface Transportation  
Committee on Public Works  
and Transportation  
House of Representatives  
Washington, D.C. 20515

Honorable Robert A. Roe  
Acting Chairman, Subcommittee  
on Surface Transportation  
Committee on Public Works  
and Transportation  
House of Representatives  
Washington, D.C. 20515

Dear Mr. Chairmen:

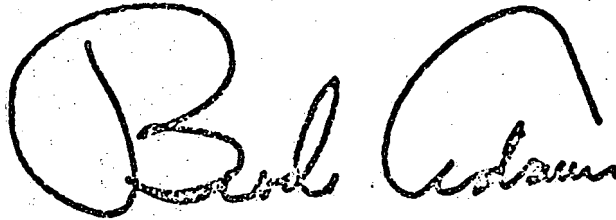
This Administration has proposed legislation (H.R. 10578) to extend and reform the Highway Transit Program. H.R. 10578 has a high priority in the President's legislative program because it can do so much to improve the Federal Government's ability to make a real contribution to State and local transportation solutions. In sum, our proposals would restructure transportation planning and programs to allow greater flexibility and more room for local decisionmaking. They would create a realistic timetable for completing the Interstate System and improve our mass transit program. Further, they would provide appropriate funding levels in light of program needs, the ability of States and localities to spend funds, and the general budget constraints under which we all must live.

I understand that the Subcommittee on Surface Transportation will be marking up H.R. 11733 this week and not the Administration bill. I want to reiterate to you at this point my concerns about H.R. 11733. As you know, its present structure and the funding levels are unacceptable both to me and to the President. I know you and other Members of the Subcommittee have worked hard on this matter, but I wanted to be certain you were aware of our very serious reservations. The present form of H.R. 11733 fails to achieve any of the important structural changes recommended in the Administration proposal.

It does not provide the program flexibility that State and local officials have indicated they sorely need and the proposed funding levels are excessive.

I am enclosing for your use and the use of the other Members of the Subcommittee, a comparison of H.R. 11733 and the Administration bill. My staff and I are always ready to work with you and other Members of the Subcommittee and the full Committee to achieve a measure which we can all support.

With Best Regards,

A handwritten signature in dark ink, appearing to read "Brock Adams". The signature is fluid and cursive, with a large initial "B" and a long, sweeping underline.

Brock Adams

Enclosure

Electrostatic Copy Made  
for Preservation Purposes



United States of America  
General Services Administration  
Washington, D.C. 20405

Administrator

May 5, 1978

MEMORANDUM FOR THE PRESIDENT

THRU: Rick Hutcheson

SUBJECT: Weekly Report of GSA Activities

A negative report is submitted for the week ending May 5, 1978.

A handwritten signature in dark ink, appearing to read "Jay Solomon", is written over the typed name and title.  
JAY SOLOMON  
Administrator

DAVID C. TREEN  
THIRD DISTRICT, LOUISIANA

COMMITTEES:  
ARMED SERVICES  
MERCHANT MARINE AND  
FISHERIES  
SELECT COMMITTEE ON THE  
OUTER CONTINENTAL SHELF

Congress of the United States  
House of Representatives  
Washington, D.C. 20515

April 27, 1978

SECDEF HAS SEEN

1 MAY 1978

TELEPHONE: 202-225-4031

DISTRICT OFFICES:  
FEDERAL BUILDING, SUITE 107  
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FOR PERSONAL ATTENTION OF

Honorable Harold Brown  
Secretary of Defense  
Washington, D. C. 20301

Re: Civil Service Reform

Dear Mr. Secretary:

When you telephoned me Tuesday afternoon, urging my support of the administration's proposals for Civil Service reform, I responded favorably, relating to you that I had already issued a news release in my district applauding President Carter's initiative. Pursuant to your request, I agreed to use whatever influence I have with my colleagues to support the measure.

You will also recall that I cautioned that I had not studied the details of the proposal, but had made a judgment based on the major thrust of the bill. Since our conversation, it has been revealed that the President has apparently agreed to certain changes in the proposed legislation to accommodate the demands and/or wishes of certain government employee union leaders. The details of these changes are not yet known. However, I want you to know that I view with substantial alarm any moves which would strengthen collective bargaining rights among government employees. I believe that unionism among government employees is a serious threat to efficient government operation.

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Honorable Harold Brown

April 27, 1978

Because of this new development, I want you to know that I cannot be counted on to support the administration's Civil Service reform proposal. This is not a declaration of intent to oppose the bill; I simply express my intention to thoroughly review the entire measure, together with the administration's proposed revisions, following which I will determine my own position.

With best wishes and warm regard, I am

Sincerely,

A handwritten signature in dark ink, appearing to read "David C. Trean", with a large, sweeping flourish at the end.

DAVID C. TREAN  
Member of Congress

DCT:ng

cc:

Hon. Trent Lott

Hon. Edward J. Derwinski